

Thesis

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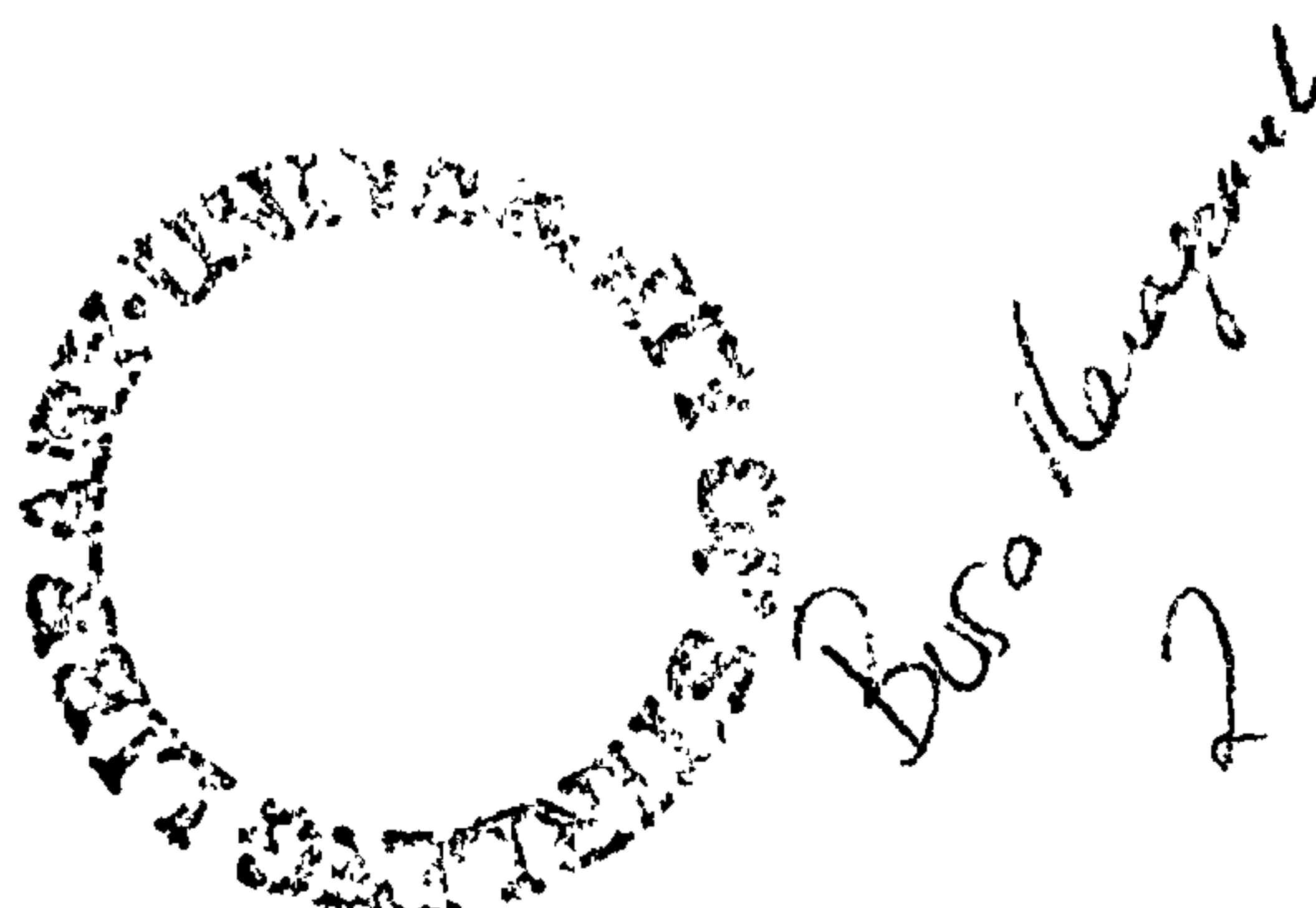
UNIVERSITY OF STIRLING

CONSUMER PERCEPTIONS OF LARGE RETAIL  
STORES IN JAPAN

BY

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A thesis submitted for fulfilment of the degree of Doctor of Philosophy



## DECLARATION

I declare that, except where otherwise acknowledged, the research for this thesis has been entirely my own work, and that this thesis has not been has not been submitted for any other degree.

Signed 



## ABSTRACT

This thesis considers consumer perceptions of large stores in Japan. A lack of published English language research concerned with consumer behaviour in Japan was noted, despite strong and growing interest in the Japanese consumer market. Japanese distribution is reviewed as the background to an empirical study of store perceptions in Japan. This review considered Japanese wholesale and retail structures in detail in order to provide information necessary to understand the situation of large retail stores in Japan.

The possibility of substantial store 'loyalty' in Japan was considered on the basis of an observed hierarchical structure to store preferences. A review of the literature pertaining to consumer 'loyalty' revealed that genuinely 'loyal' behaviour is likely to be rare. Consumer preference was considered, and the development of hierarchical preference was identified.

An empirical study was carried out over a one year period in Japan. The study involved a two part survey employing repertory grid interviews and a questionnaire survey. Four regional cities and five consumer types were employed for the survey. This approach proved successful in collecting a large volume of detailed data. The use of repertory grid as a technique for data collection was considered in the light of its use with Japanese consumers in the Japanese language.

It was concluded that Japanese consumers have clear and detailed perceptions of the large stores available for their use. Some differences were identified between consumer types and different geographical locations in Japan.

## ACKNOWLEDGEMENTS

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The thesis can only be dedicated to Rika. The research began for her and her family.



## INTRODUCTORY NOTES

### 1. ROMANISATION OF JAPANESE

#### a) GENERAL JAPANESE LANGUAGE TERMS

Japanese terms are printed in italics using the romanisation procedure set out under British Standard BS4812 (1972).

#### b) JAPANESE PROPER NAMES

Romanisation of Japanese proper names also employed the form set out under BS4812, with the following provisos:

- i. For references and other source material, Japanese personal names were romanised using O'Neill (1989). This is limited due to the large number of possibilities, and also because the phonetic readings of some personal names are rather obscure. In cases of difficulty, several Japanese native speakers were consulted, and the most commonly suggested romanisation was used. It is possible that mistakes remain in the romanisation of the names of some of the authors which were referenced. For this, the researcher takes sole responsibility, and offers apologies in advance.
- ii. Names of companies, place names and some other terms in general use have an accepted romanised 'English' form. This is true of company names such as 'Daiei' or 'Ito-Yokado'. Where a recognised English form is known to exist, the name is NOT italicized. In the case of translations from Japanese materials, ie. no romanised alternative can be referenced, where any doubt remains, the name or term has been written in italic form as described above.
- iii. Within the text, references to Japanese sources are italicized where the reference is Japanese language material, and printed in normal script otherwise. For example, *Larke* (1989) refers to a Japanese language source, but Larke (1990) is an article by the same author in English.

#### c) TRANSLATIONS

All translations were carried out by the author. Where a Japanese source has been quoted, the original Japanese quotation is provided in a note form unless this was not possible when writing in Britain. No attempt has been made to make literal translations. Translations present the Japanese original in good English with emphasis placed on meaning rather than translation technique.

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## CHAPTER 1

### INTRODUCTION: RESEARCH AIMS AND OBJECTIVES

#### 1.1 JAPAN AS A FIELD OF RESEARCH

Japan is a fascinating country. For many, including the majority of Japanese, it is an obsession. A wide ranging post war literature continues to grow to satisfy the demand for information. This demand arises from an apparent need: the need to explain Japan. The simplest and most concise conclusion to this mass of academic, literary and journalistic work that has been produced over the past 40 years is: 'Japan is different', but, too often, this conclusion is reached well before pen is put to paper. Anyone who becomes involved in research related to Japan can sometimes be a little bored by the same old ideas presented over and again from various different angles.

Admittedly, there are many things about Japan that come as a surprise. The Japanese themselves like to be surprised. The most popular weekly TV game shows, '*Naruhodo Za Wārudo*' and '*Hau Matchi?*' travel Japan and the world trying to catch out viewers and panelists with obscure habits, processes, or customs. As all overseas visitors to Japan should be reminded, everyone has their own deeply ingrained expectations of the world around them. Even non-analytical work can suffer because it is based on expectations and terms of reference that differ from those in Japan. These expectations arise from personal experience in one's own home culture, and usually are taken for granted. For most it takes many years of exposure to alternative positions, arguments and ways of life before it becomes possible to accept any idea that is opposed to these expectations. The result of such closed thinking can be prejudice and, worse, sometimes hatred.

This thesis presents a study of the perceptions of large stores by Japanese consumers. It is exploratory, and while it contains much that is descriptive, it

neither makes a prior assumption that 'Japan is different', nor does it take a comparative view that 'Japan is the same as Country X'. Most important, the fallacy that 'Japan SHOULD be the same as Country X', is positively avoided. Japan is Japan. Japan is there to be observed, as is any other country. The point is not to prove that Japan is like or unlike somewhere else, but to provide illustration of actual situations through original, hands on research within the country, including substantial utilisation of Japanese sources.

There are practical reasons for considering aspects of Japanese consumer behaviour in this way. Japan is a large, affluent market concentrated in major urban environments, that displays economic success by conspicuous consumption. There is considerable potential for original and open minded entrepreneurs who wish to take advantage of this market with a new product or idea.

Many outside observers see the Japanese market as being closed. True, it is a market which is not known for welcoming competition with open arms, be it international or domestic. Today, however, the majority of barriers to trade have been removed (MITI, 1983a), leaving only a handful of politically sensitive issues such as the importation of rice (Economist, 1990b; Japan Times Weekly, 1990c; *Kamiyama*, 1990; *Nihon Keizai Shinbun*, 1990a; *Nishikawa*, 1990a; *Okada*, 1990; *Thomson*, 1990c).

For the right product or service presented in the correct way there is great opportunity within the Japanese market. This thesis presents an investigation of one important aspect of the Japanese market: the retail system. The core of the study is a consideration of the perception of large retail stores by consumers. This aspect will be of interest to all marketers of consumer products. As a number of ideas presented here arise from the view point of a non-Japanese, the study may prove beneficial to both Western and Japanese marketers alike. One objective of the thesis is to present new and original information and ideas concerning Japanese consumers' expectations towards large stores.

An understanding based upon international comparisons is not a requirement



for successful business in Japan, and such an approach may well cause more confusion than help. Alternatively, a detailed knowledge of the existing circumstances in the market is a prerequisite. This thesis is an attempt to fill one gap in that knowledge.

## 1.2 THE AIM AND OBJECTIVES OF THE RESEARCH

### 1.2.1 HOW DO JAPANESE CONSUMERS PERCEIVE THE STORES THEY USE?

The aim of the research is to investigate consumer perceptions of large retail stores in Japan.

The idea for the study came from a two year period of residence in Nagoya. The city is unusual in that, despite a population of over 2 million, it has a very insular atmosphere, which extends equally to the retail environment within the city, and subsequently to the city's consumers. Nagoya has five major department stores, Matsuzakaya, Meitetsu, Maruei, Nagoya Mitsukoshi and Kintetsu. Casual observation of consumer opinions and shopping habits suggests a remarkably clear preference ranking between the five stores. This forms the origin of the study presented here. Does such hierarchical preference between large stores in Japan actually exist? If so, is it widespread to different areas of the country? Do different consumer groups display the same kind of preferences? Most importantly, why do such preferences exist?

These questions can be summarised into the single overall aim to consider how Japanese consumers perceive the large stores available in their local retail environments. Investigating the reasons behind subjective behaviour is burdened by the large number of variables involved in the behaviour being observed. The 'how' or 'why' of most forms of human behaviour are difficult aspects to identify effectively, but, taking an exploratory approach from the outset, the research will seek to point towards an applicable answer.

### 1.2.2 DISTRIBUTION IN JAPAN

In order to achieve this overall aim, a number of lower order objectives are also involved. In dealing with a field of distribution in Japan, there is the opportunity to add significantly to the existing knowledge of the Japanese commercial environment. In order to consider large retail stores from the point of view of the Japanese consumer, it is necessary to know what retail stores are actually available to Japanese consumers. In addition, it is pertinent in the Japanese case to take a more general view of the Japanese distribution system and the inherent issues, problems and characteristics involved.

Japanese distribution was the subject of much debate during the 1980s, both in Japan and overseas. With the break down of most predetermined barriers to trade with Japan by the middle of the decade (MITI, 1983a), greater emphasis is now being placed on less tangible aspects of Japanese business. These are often situations and practices which overseas observers cannot understand on the basis of taking their own nations as the world model. The distribution system, being a case in point, has thus become a central issue. While there is no need to point out differences and similarities of the system as compared with another country, it is helpful to describe the system as the environment in which Japanese consumers live.

There are two important aspects of the distribution industry in Japan which need to be recognised for proper understanding. These are only indirectly related to the situation of the final consumer, but Japanese retailing, which is directly related to consumption, cannot be understood fully without this information. First, comparative criticism from overseas observers is common, and this is noted in chapter 2. On the whole, however, as such criticism is based on factors unrelated to the domestic situation in Japan, it is not considered an important factor. On the other hand, there is one key issue which has been brought to the fore largely through this attention, and which has received increasing criticism from domestic sources in recent years. That is the Large



Store Law. As this study is concerned directly with large retail stores, it is important to understand the motives of this legislation, and without such understanding it is not possible to speculate on possible future developments in large retailing in Japan. The Law is discussed in detail in chapter 2.

Secondly, the inter-relationship between manufacturers, wholesalers and retailers in Japan is important. The current situation and effectiveness of Japanese retailing is still a function of the distribution system as a whole. As wholesalers continue to play an important role as intermediaries in almost all forms of distribution, it is important to understand various aspects of the distribution industry overall in order to consider Japanese retailing in its true situation. Many large retail companies continue to rely on wholesale supply rather than source goods directly from manufacturers. A full consideration of wholesaling in Japan is essential to an understanding of the retail industry, and this is undertaken in chapter 3.

### 1.2.3 CAN CONSUMER PERCEPTIONS BE ILLUSTRATED BY PREFERENCES?

Arguably, the core result of consumer preference ranking of stores will be a form of 'loyalty' to the most preferred options. On this hypothetical basis, the mainly Western literature relating to consumer choice that leads to 'loyalty' is considered in chapter 5. The conclusions to this review are employed in chapter 6 to present aspects of store choice in Japan, notably the importance of social hierarchy and gift giving behaviour.

On the basis of prior observation in Japan and existing knowledge of the importance of hierarchy in many aspects of Japanese life, it is conceivable that Japanese consumers will develop some kind of hierarchical preference of the large retail stores available to them. The possibility of such hierarchical preferences can be demonstrated through the existing literature as what was previously referred to as consumer 'loyalty'.

It is necessary to investigate whether such preferences can be identified in

the Japanese context. This, however, is going beyond the broader question of how Japanese consumers perceive stores in the first place. It is not possible to properly identify and understand preference without being aware of overall perceptions. By identifying aspects of the perceptions of large stores by Japanese consumers through a primary data survey, it is then possible to focus the research on such points as differences and similarities between consumer types, store types, and geographical areas of Japan. Preferences for stores can then be inferred from an understanding of the structure of consumer perceptions.

#### 1.2.4 A PRIMARY DATA SURVEY IN JAPAN

From the outset, while realising the considerable logistical, financial and chronological constraints involved, it was hoped to achieve the aim of the research through a primary data survey in Japan. As this is not a usual path for postgraduates to take in Japan, it was an idea which met with opposition from more than one Japanese academic, but, in the face of non-Japanese stubbornness, the same critics eventually provided invaluable support to the execution of the survey.

The survey was fairly large, and employed two stages, conducting both interviews and questionnaires in Japanese. The completion of the survey alone was a major achievement in itself. While the degree of trial and error was, if anything, even greater than normally expected at this level<sup>of</sup> academic research, the survey was encouragingly successful both in terms of the volume and depth of data collected.

As illustrated in the introduction, a primary data survey was preferred in order to avoid as far as possible the biasing effect of the knowledge and prior expectations of the researcher or independent interviewers. This factor is as important as employing Japanese literature sources in the general discussion. The survey was designed to allow the free response of Japanese consumers, and so collect data which illustrate the genuine perceptions of the respondents. As



described in chapters 7 and 8, this objective was largely achieved by the use of Kelly's Repertory Grid technique as the interview method.

### 1.3 THE NEED TO CONSIDER CONSUMER BEHAVIOUR IN JAPAN

The study remains at an exploratory level due to a lack of previous research that considers such a narrow aspect of Japanese consumer behaviour. This dearth of research extends even to the Japanese academic literature, and has been noted by Japanese academics themselves (Nakanishi, 1981; Nakamura, 1990). The reasons for this apparent neglect are unclear.

There may be no need to consider Japanese consumer behaviour in isolation, possibly because what is known about Western consumer behaviour can be applied to Japan with total ease, but this is a point of view which is difficult to accept. The literature review undertaken in chapter 5 considers the theory on its content rather than in direct relation to Japan, but it is possible to see that much of what is considered is perfectly applicable to the behaviour of Japanese consumers. After all, one could argue, Japanese consumers eat McDonald's hamburgers, wear suits, and are human, but, due to the seniority structure of the Japanese academic world, creative, questioning research is too often frowned upon as it challenges existing knowledge (see Nakamura, 1990).  
(1) Be this as it may, any theory should never be applied blindly to new situations. Why do Japanese consumers so often purchase goods at department stores when they know they can buy an identical item cheaper at a superstore nearby? Why do people queue for two hours to get an item wrapped? Why do so-called Consumer Associations continue to oppose cheap imports? (2) These are questions which would be better answered with a greater knowledge of consumer behaviour in Japan.

Alternatively, the relative lack of work on Japanese consumer behaviour may reflect the current level of international accessibility to the Japanese market. There has been, up to now, only limited interest in Japanese consumer behaviour

outside the Japanese press because of the few non-Japanese companies operating in the market. Some large overseas companies are already very successful in Japan. For example, Unilever's 'Timotei' is the best selling brand of shampoo, and Coca-Cola has the lion's share of several canned drink markets. There are many other overseas brands that are distributed by Japanese companies, but, for the majority of non-Japanese firms, the question is still one of entering the market, and not what they will find when they get there. Until very recently, consumer behaviour in Japan has been largely overlooked.

This is another reason that the distribution system as a whole requires some consideration in this study. This provides the prospective exporter to Japan with information to make his or her own judgements as to what factors relating to consumers, retailing or both, are relevant to his own needs.

#### 1.4 NOTE ON INFORMATION SOURCES

In addition to the English publications and material, the research employs a large volume of Japanese sources. As any future research in the same area could not be undertaken without using these sources, they should be outlined briefly.

Japanese people are avid readers, and Japan is a goldmine of general information; a consequence of intensive, general knowledge based education, long hours commuting, and the numerous journalistic publications available on a large variety of subjects. Every year new book publications number some 40,000 (SOMUCHŌ, 1988: p.282), and annual sales of monthly and weekly magazines run to 230 billion and 170 billion units respectively (Asahi Shinbunsha, 1988: p.214). Within these, distribution and marketing topics are well covered.

Objective, empirical data is only generally available at the macro level, but this is usually of good quality. A Census of Commerce (*Shōgyō Tokeihyō* [商業統計表]) is published every three years by the Ministry of International Trade and Industry (MITI, 1983b; 1986; 1989b). The most recent at the time of writing was completed in 1988, with the first figures published in late 1989. Detailed



frequency statistics concerning the numbers of outlets and overall sales levels are published in a series of volumes between the completion of one census and another. These basic statistics are used extensively in the following chapters. Other MITI surveys and publications are also very useful.

The second main source of information down to company level is available from the main daily business newspaper, the *Nihon Keizai Shinbun* [日本経済新聞], commonly known as Nikkei. The paper publishes a secondary sheet called the *Nikkei Ryutsu Shinbun* [日経流通新聞] three times a week which deals with distribution and marketing matters. This latter publication carries out a number of detailed questionnaire surveys every year, which are predominantly used for the annual publication of company rankings by turnover.

Summaries of the following surveys are published annually in the *Ryutsu Keizai no Tebiki* [流通経済の手引] (*Nikkei Ryutsu Shinbun*, 1988; 1989c; 1990b<sup>(3)</sup>), the figures in brackets are the year or number of the survey published in the 1989 edition:

- The Annual Consumer Survey (Nos.30)
- The Annual Survey of the Japanese Retail Industry (No.22)
- The Annual Survey of Japanese Speciality Stores (No.17)
- The Annual Survey of the Japanese Wholesale Industry (No.18)
- The Annual Survey of the Japanese Catering Industry (No.15)
- The Annual Large Retail Store Ranking Survey (1987)
- The Annual Survey of Convenience Stores and *Mini-Supps* (1987)
- The Annual Survey of Non-Store Retailing (No.6)
- The General Survey of the Service Industry (No.6)
- The Annual Listing of Hit Products (1988)

The same publication also provides monthly sales figures for top department stores and superstores, and monthly market shares of the leading manufacturers of basic consumer goods for the previous year.

Nikkei also publishes a number of other annual and occasional books and reports that are related to distribution in Japan. These include an annual summary of major distribution companies (the *Ryutsu Kaisha Nenkan* [流通会社年鑑]) which is summarised every three years in the Dodwell Marketing Consultants' report, "Retail and Distribution in Japan."

These two main sources, MITI and Nikkei, are invaluable to anyone studying

Japanese marketing and distribution. Access to more detailed information on individual companies generally requires a personal introduction to someone in authority in that company. General information on geographic and demographic trends are available from numerous sources.

#### NOTES TO CHAPTER 1

- (1) A more cynical view, but one that may have some basis in truth, is that Western theoretical literature presents Japanese academics with a large volume of 'ready-made' teaching material, and provides a lucrative source of material for translation (Mouer and Sugimoto, 1986: pp.158-168). Translating a major piece of Western academic literature and publishing it in Japan is still an advantageous step on the career paths of many young Japanese academics (Mouer and Sugimoto, 1986: p.160), and it is noticable that references to such work have a common tendency to place the name of the translator before the original author. On the other hand, this practice means that Japanese academics have access to, and have read and digested work from many different languages and a vast range of fields, whereas access to translated Japanese literature in the West is seriously limited. It must be pointed out that these observations are based on the field of commerce alone. Japanese research in the fields of pure science, engineering, and medicine commands worldwide respect.
- (2) Consumer rights and consumer protection in Japan is not an issue with which the current research is directly concerned although it will be touched upon again. The whole area of consumer rights and consumer protection is a factor of Japanese life that requires detailed further investigation in the near future. For recent summaries in English see Fields (1988a: pp.111-134; 1988b; 1990b; 1990c; 1990e), Nakaoka (1989), Nishikawa (1990a; 1990b), Takahashi (1990).
- (3) The 1990 edition of the *Nikkei Ryūtsū Tebiki* was published late on 23 October 1990, and data from this later source have been used in some cases. The late publication of this edition, however, meant that the 1989 edition is employed in the main. The 1990 edition includes the first special survey on discount stores in Japan in addition to those listed here.



### JAPANESE DISTRIBUTION: THE LARGE STORE LAW AND OTHER ISSUES

#### 2.1 INTRODUCTION

Japanese retailing forms the background to the research as it is the environment from which consumer perceptions of stores are formed. Arguably, it is possible to consider retailing in isolation to the other sectors of the distribution industry, and, in the West, this is often the approach taken. Japanese distribution has a number of key characteristics, however, chief of which is the highly fragmented nature of the businesses involved in the industry. Traditionally, these businesses rely heavily on support from other members in the distribution channel, making personal relations and mutual cooperation as, if not more important than economic considerations. In addition, the importance of personal relations between business associates extends beyond the small and medium business and is of great importance in the operations of some of the larger Japanese distribution companies, especially the department stores.

In the following three chapters, Japanese distribution is described in detail in order to provide a complete background to the environment in which the Japanese consumer lives. This chapter provides a general introduction to the way of thinking that leads to the importance of mutual cooperation within the industry. This is done by considering some of the advantages of Japanese distribution for the consumer before dealing with some of the perceived problems. These problems have brought the Japanese distribution system to political prominence in recent years. The issues that concern non-Japanese and Japanese observers alike are discussed briefly, but by far the most significant of these is the long term government regulation of large retailing in Japan. The most important piece of legislation is the Large Store Law, and the second half of

the chapter considers this law in detail.

## 2.2 JAPANESE DISTRIBUTION FOR THE CONSUMER: POSITIVE AND NEGATIVE ASPECTS

Japanese distribution is often viewed as being complex on the basis of the large number of small business<sup>es</sup> involved. Criticism is widespread from both non-Japanese and Japanese alike, and includes the opinions of total laymen, politicians, and genuine experts. <sup>(1)</sup> Points of contention include anti-competitive and over complex business practices, excessive and inefficient fragmentation of outlets, and high marketing and distribution costs. These are factors which effect consumers through the distribution system as a whole, and will be discussed in more detail in the following chapter which considers wholesaling in Japan. Many Japanese businessmen and academics would admit that many of these factors are not advantageous to the final consumer, and too often the Japanese distribution system is described in a poor light.

Japanese distribution has many positive aspects. Where the present system positively benefits the final consumer, there should be no complaint. The final consumer is the best judge of the service provided by Japanese retailing, both for its positive and negative aspects.

The largest retail and wholesale companies employ management expertise and know-how that is as advanced as any in the world (Asano, 1989; Harada, 1988; Wylie, 1989). The level of automation and use of information systems in distribution is also highly advanced. Already by March 1988, 64,000 Point of Sale (POS) registers were in use in 21,000 outlets (Asano, 1989; MITI, 1989a: p. 46). Of all computers employed in Japanese industry, 45.1% are found in distribution, by far the largest proportion in any single sector (MITI, 1989a: p.44). An important example is Seven-Eleven Japan which has some of the most sophisticated POS, store inventory management and ordering equipment in the world (Seven-Eleven, 1989a; Ito-Yokado, 1989; MITI, 1989a: pp.13-14, 282-284; *Nikkei Ryūtsū Shinbun*, 1989c: pp.477-482).



Of great benefit to final consumers is the degree of variety in the merchandise available at Japanese stores. Despite claims that they should want to buy more American goods, Japanese shoppers want for very little. Most famous multinational brands and products are on sale in Japan, with most types of goods being freely available. The British Embassy in Tokyo, for example, lists the telephone numbers of suppliers and agents for several hundred British goods available in Japan, from Wedgewood china, to Scottish walking sticks, to full sized snooker tables (British Embassy in Tokyo, 1988).

Where a good overseas brand or product exists, almost invariably so do competing Japanese products, which further swell the volume and variety available in the market. Many competing Japanese versions appear very soon after the introduction of the overseas product (Abegglen and Stalk, 1987:pp.3-16, 134-36; Fields, 1988a: p.49; Pirie, 1989). This can be a point of concern for weaker non-Japanese companies, but they have to compete in the same environment as Japanese firms. A Japanese company introducing a new product will soon be in competition with a number of rapidly developed alternatives.

In the main, Japanese products are supplied with full lines of related products and accessories. They come in a large variety of packaging size and design. A simple example is the beer market where the four legal manufacturers produce between 130 and 240 brands of beverages (JETRO and MIRPO, 1985: p.8; Koyama, 1985). A single brand like Asahi Draft beer (*Asahi Nama Biiru*) can be bought in at least eight different package sizes from 100ml to 2000ml, in addition to three sizes of bottle.

This level of variety is not confined to manufactured goods. A medium sized supermarket may stock up to sixteen different types of mushroom, from mushrooms branded by growing area to unpackaged 'generic' produce. In some stores, even single types of vegetables are sold in a number of forms. For example, the giant white radish (*Daikon* [大根]) is sold uncut with leaves, uncut without leaves, in half cuts, as organic produce, and special high quality washed and wrapped forms (*Maruetsu Shachō Shitsu*, 1989).

A wide variety of merchandise is found in most Japanese retail formats. The ability of even small independent retailers to maintain a fairly wide range of goods is due largely to the continuing support of the strong wholesale sector; and to the desire of manufacturers to reach all areas of Japan, while maintaining tight control over their distribution channels. As a consequence of this situation, price takes second place to store merchandising and product variety as a factor in retail competition. Manufacturers actively avoid price competition in the majority of cases, preferring to supply full lines of merchandise backed up by competent after sales service. Competition is achieved through product differentiation and a rapid turnaround of new brands and new models, with, for example, new electrical models appearing every six months (Kajihara, 1985; also see *Suzuki, Y.*, 1988; *Uno et al.*, 1988: pp.250-72).

From the point of view of large retailers, however, even more important than merchandise variety is the level and quality of customer service within the store. Japanese culture has created a service orientated society. Particular speech modes and body manners that originate in cultural etiquette are incorporated in store operation manuals for shopfloor personnel.

At department stores and speciality stores, personal service is a key factor, but the same is true even in the largely self-service environments of most supermarkets and superstores. Some Japanese stores train even part-time workers in aspects of buying and ordering. This allows them to take full charge of particular sections of a store, similar to the way staff operate in a department store (*Ishibashi*, 1989). By providing such specialised training, high quality service can be offered in a self-service environment. These employees are expected to provide advice to customers, recommending particular products, food growing areas, and food preparation techniques.

Department stores and other quality retailers promote a high level of personal service to attract customers, although variety of merchandise is rarely sacrificed in order to maintain this service (Kamamoto, 1984; Noda, 1981). In such stores, this degree of service includes information desks around the store,



bowing ladies at the escalators and in the lifts, full wrapping of purchases with free carrier bags, and high-tech toilets and dressing rooms. As this quality of service is apparent in all forms of retailing in Japan, it is possible that this factor significantly raises customer expectations of in-store service, and can lead to stricter criticism of relatively small points of comparison between retail stores.

On the other hand, the consumer in Japan has one major problem. While retailers provide a wide range of merchandise and good service, prices in Japan are some of the highest in the world (see Economist, 1989y; JETRO, 1983a: 1987; Kanemori, 1989; Mishima, 1988: 1989; Toshida, 1989). The high prices charged for both domestic and imported products are often blamed on the 'complexity' of Japanese distribution (see Economist, 1989b; Mishima, 1988; Niwa, 1988). In certain sectors of the industry, notably food produce, the multilayered nature of the system does contribute markedly to high prices (MITI, 1988c: 1989a: p.93). In the case of a significant proportion of imports, a sole agent system is operated by many overseas suppliers, consequently adding an extra stage in the distribution channel, and raising the prices of their goods through the extra mark-up involved (*Keizai Kikaku Chō*, 1986). Companies which use this system are not usually concerned with getting products to the consumer at the lowest possible price, but this does not mean that the same company may not complain that the high price of their goods is a result of "Japan's" complex distribution system.

For domestically produced goods, complexity and inefficiency in the distribution system are only partly to blame. Three more important factors are high overheads (notably land related costs), the lack of price competition in Japanese distribution (Kajihara, 1985), and government policies, all of which can be said to be interrelated. The final factor includes government restrictions on retail expansion (see section 2.4); on competition in physical distribution and agriculture (JCCI, 1989: p.14); and non-action on anti-competitive price fixing (Covey, 1981; Fields, 1988a: pp.120-7; Flath, 1989;

Ishida, 1983; Matsushita and Lee, 1973; Smith, 1990). In the effect they have on the retail environment, these are all issues which relate to the perceptions of consumers in an indirect manner. Government regulation of large retailing in Japan is, however, important, and is discussed below.

Price differentials between Japan and the West have become a public concern as more Japanese travel abroad regularly (MITI, 1989a: pp.64-66; Polunin, 1989). Fortunately, the inflation rate in Japan appears to be stable at or below 3% per annum (Kanemori, 1989; Focus Japan, 1987b; see Eurostat, 1986 to 1989), meaning that the relative disparity with other countries could slowly disappear in some cases. Although outside the scope of the present discussion, rapid growth in land costs in Japan are another major issue that affects every aspect of Japanese life. <sup>(2)</sup> Correcting the high cost of land in Japan would go a long way to presenting retailers with greater pricing flexibility.

In the same way that most British consumers would be overwhelmed by the substantial range of merchandise available in many Japanese stores, most Japanese find the relatively low prices in the West difficult to believe. In other words, what you've never had, you never miss. It is possible that one factor compensates a great deal for the other in both cases. Although the opportunity to travel is broadening the experience of a great many Japanese, the opportunity to shop at 'un-Japanese' prices is part of the pleasure of the trip. Few Japanese would expect prices in Japan to be brought in line with the West, and few would enjoy giving up a large degree of choice in order to save money. When shopping abroad, the penchant for Japanese tourists to seek out branches of Mitsukoshi or Isetan perhaps suggests they may be even less willing to take a cut in service.

## 2.3 JAPANESE DISTRIBUTION AND BUSINESS: CRITICISMS AND PROBLEMS

It is not the aim of this research to pass judgement on the Japanese distribution system in terms of its efficiency and suitability of various



business methods practiced. These practices are described from a largely neutral standpoint in the following chapters, as they form the background information necessary to understand the retail environment supplying Japanese consumers. It has to be noted, however, that certain business practices commonly employed in Japanese distribution have been the subject of considerable criticism both domestically and abroad. The main point of concern rests with government policy towards retailing in Japan, chiefly the Large Store Law (section 2.4). This section notes the more general criticism.

The Japanese distribution system attracts international criticism. The various factors described in the previous section are often not of interest to potential suppliers from overseas. Many do not realise the level of service and the quality and variety of merchandise to which Japanese consumers are accustomed, and with which overseas firms must compete. Too often, employing a product that has been successful in other markets, the primary concern of the businessman is that of reaching the Japanese consumer. Only when this has been achieved need the final result be considered. Equally, too often failure at this later stage may be blamed on the distribution system rather than the product.

The distribution system is considered too often in isolation to what it actually achieves. Some overseas politicians or otherwise politically involved people often claim that the Japanese system is excessively complex (Herald Tribune, 1990; Thomson, 1990b). The argument runs that, consequently, Japanese distribution forms a non-tariff barrier to trade, preventing imports reaching the consumer as easily as in some other nations.

With some minor differences,<sup>(3)</sup> the Japanese market operates on the same basic economic principles as the majority of other advanced nations, and, significantly, Japanese consumers want for very little. Many prominent, non-Japanese companies have found great success in the Japanese market.<sup>(4)</sup> Like the positive aspects presented above, this point is often overlooked by overseas critics of the distribution system. Admittedly, however, even the Japanese

consumer is often unaware of the non-domestic origins of many of the brands s/he uses on a daily basis (Fields, 1990d).

The distribution system has been cited as a non-tariff trade barrier since the late 1970s (Wilkinson, 1983: p.201), but the 1989 US-Japan Structural Impediments Initiative (SII) in Washington were the first negotiations to make the system a central issue of trade talks. During the SII, the American side raised several major issues including problems with Japanese agriculture and antitrust laws, but, if the Japanese press coverage is taken as a measure, the American demand for changes in Japanese distribution was the main point of public concern, sometimes to the extent of outrage (examples include *Asahi Shinbun*, 1989; 1990b: 1990c: 1990d: 1990e: 1990f: 1990g; Japan Times, 1990; Japan Times Weekly, 1990a).

Examples of these criticisms include the importance of personal relationships in business decisions, arbitrary rebate and discount policies by manufacturers and wholesalers, the right to return unsold goods freely, and the arbitrary use of long term promissary notes. These points are covered in direct relation to the wholesale business in the following chapter. The thrust of American complaints during the SII, however, was government regulation through the Large Store Law.

Japanese self defence of the distribution system is common, but, somehow, uncommitted and weak. Papers by *Maruyama* (1989), Maruyama et al. (1989) and the Japan Chamber of Commerce and Industry (JCCI, 1989) are typical in this sense. Maruyama employs econometric means to systematically oppose criticisms of Japanese distribution, and the JCCI sees overseas criticism as 'a lack of understanding' (p.36). Like Maruyama, the JCCI take specific Western criticisms and dismiss them one by one.

The work of Maruyama and the JCCI has been singled out simply because they present two recent, wide ranging examples. Similar, rather unconvincing defence has appeared in English in the past (Kajihara, 1988; Koyama, 1984: 1985; MIPRO, 1983a; Murata, 1973; Hayashi, 1980; Tajima, 1984: 1987), and continues to be



published (for example Mukoyama, 1990; Shioya, 1989).

This type of comparative work tends to be negative. A lack of understanding of Japanese distribution clearly exists outside Japan, but such a defensive stance is unhelpful. It would be better to present a detailed analysis of the positive aspects of the system, or to consider the system simply as it is. Domestic distribution systems develop within the culture and tradition of a specific country. For this reason, whether undertaken from a Western or a Japanese point of view, comparative criticism of Japanese distribution with Western countries is fundamentally misguided. Western observers are naturally biased towards their own needs and objectives, but Japanese commentators need to remember that many such observers are making a genuine effort to understand. Consequently, defence of the system which merely attempts to dismiss such criticism appears weak, and worse, patronising.

This point aside, however, English language literature relating to Japanese distribution tends to take a critical stance. While comprehensive studies are few, they are not necessarily poor, especially the ones that employ genuine Japanese material. Some of the more insightful reports include British Embassy Commercial Section (1988a, 1988b), Cooper (1990), Czinkota and Woronoff (1986), Dentsu (1978), Dodwell Marketing Consultants (1985, 1987), Euromonitor (1989a; 1989b), Fields (1989a), JETRO (1987), JETRO and MIPRO (1985), Kajiwara (1988), MIPRO (1983a), Shimaguchi (1977), and Yoshino (1971).

The Japanese market is no easier and no more difficult to enter than that of any other country. The distribution system can be complex and in some ways inefficient, but Japanese companies compete on basically the same terms, with the same problems and difficulties as those from overseas.

Some major anomalies exist between the business environments of Japan and the West. Notably, company acquisition by overseas firms is relatively difficult in Japan (see Tokyo Business Today, 1990; Economist, 1989t: 1989v: 1989w: 1989z), and Japanese antitrust law is often not applied to cases of anti-competitive practice unless specific complaints are made, and punishments also



tend to be light (Abegglen and Stalk, 1987: pp.139-140; Haley, 1979).

Like non-domestic firms in any nation, overseas companies can experience problems when entering the Japanese market. For many years the Japanese government has actively promoted imports through organisations such as the Japan External Trade Organisation (JETRO) and the Manufactured Import Promotion Organisation (MIPRO). The advice given is always the same: make sure the product is suitable, have a long term strategy, and do not expect favouritism. It can be argued that launching into the market is as daunting for a new Japanese company as it is for an overseas concern (Fields, 1988a: pp.120-23).

Ohmae (1989) notes that companies from both Japan and the West are beginning to enjoy the fruits of global markets, but insists that it is unreasonable for non-Japanese companies to expect significant success in the Japanese market in the short term simply on the basis of results in other nations. Fields (1988a: pp.189-230) and Morita et al. (1987: pp.250-279) are also adamant that Japan should not be considered simply a small part of a single global, or rather "Western" market.

Considerable invisible barriers do exist for non-Japanese companies, but these can be overcome easily with the right product and the right approach. There are differences and difficulties - not least the nature of Japanese retailing and the attitudes and habits of Japanese consumers (Fields, 1988a: pp. 191-202). These shopping habits and attitudes are a key element of the success of any consumer product in Japan and are the central subject matter for this study. Greater understanding of such behaviour may help the development of suitable products and for the understanding of the best approach towards entering the Japanese market.

## 2.4 THE *DAITENHO* - THE LARGE STORE LAW

This thesis considers consumer perceptions of large stores in Japan. Large stores exist and develop in an environment tightly regulated by the Large Store

Law. The results of the survey described below could be understood without the following discussion, but the situation in modern Japanese retailing could not. A detailed knowledge of the Large Store law is necessary in order to speculate on future developments in Japanese distribution overall, and consequent changes in the consumer's environment. The Large Store Law does not effect the Japanese consumer directly, but it does effect the shopping environment.

The Large Store Law is the single most controversial factor in Japanese distribution. The key aim of American pressure during the 1989 SII talks was to obtain the abolition of this law. Similar demands have been made within Japan (Fields, 1988c; Nakauchi, 1989; *Nakauchi*, 1990; Takaoka, 1989; Tokyo Business Today, 1989a: 1989b), but the law continues to be supported by independent, small retailers, and many large retailers are conspicuously reluctant to criticise. Domestic critics of the Large Store Law are, however, scathing (*Mori et al.*, 1989; Mishima, 1988; *Mishima*, 1988: 1989; Nakaoka, 1989; Niwa, 1988). In March 1990, Life Stores, the 34th largest retailer in Japan in terms of turnover, began legal action against the Ministry of International Trade and Industry (MITI) in the belief that the Law is unconstitutional (*Asahi Shinbun*, 1990a; Rodger, 1990a). Major changes may occur in the early 1990s.

The *Daikibo Kouri Tenpo Hō* [大規模小売店舗法], known popularly as the *Daiten hō* [大店法], translates as the 'Large Scale Retail Store Law (hereafter, the Large Store Law, or, simply, 'the Law'). It aims to control the opening of 'large' retail stores, because of the following basic philosophy:

"If the opening of large-scale retail stores, with their ability to attract great numbers of customers, is not coordinated in an orderly fashion, it can create financial difficulties for many small neighborhood stores and is likely to adversely affect the stability of local communities."

(JCCI, 1989: p.19)

The Law has always been a subject of controversy. The past twenty years have seen considerable change in the Japanese retail environment, and the Law has been in force in some form throughout this time. The present situation in Japanese retailing would certainly be quite different without the existence of



the Law, but what is uncertain, and highly controversial, is whether the situation would be better or worse.

Considerable confusion surrounds the Law, especially among observers and writers from overseas. Few adequate summaries of the Law exist in English (but see Dawson and Sato, 1982; and Kirby, 1984?). This is partly due to a lack of information, but, equally, the political nature of the Law tends to lead to premeditated prejudice entering into analysis by overseas observers. Japanese commentators also have a tendency to be either evasive, defensive or both. This is a further reason for providing a full discussion here.

#### 2.4.1 THE ORIGINS OF THE LARGE STORE LAW

Japanese small shopkeepers, like farmers, represent an important conservative vote for Japan's ruling Liberal Democratic Party (the LDP). The LDP have been unrivalled rulers of Japan since the end of the US occupation in 1952, and, unarguably, this political stability is a major factor in Japan's post-war success as an industrial nation. The LDP have carefully managed, many would say 'bought', their continuing political support.<sup>(5)</sup> As much as a means of strategic control in the retail industry, the Large Store Law is designed to secure the voting support of hundreds of thousands of independent retailers. With over 1.7 million people working in unincorporated retail outlets as owners or unpaid family employees in 1988 (MITI, 1989b: p.567: see chapter 4), this remains a large voting segment. The political importance of the law has not gone unnoticed by foreign journalists (Economist, 1989y; Rodger, 1990a; 1990b).

What is not often realised outside Japan is that the rationale behind the Law makes it a much more important piece of legislation than simply a political measure to ensure the votes of Japan's small shopkeepers.<sup>(6)</sup> There is genuine fear among Japanese small retailers that they will be pushed out of business by larger, more powerful companies. When small, vulnerable businesses come under competitive threat from large corporations, an emotion emerges that seems quite



uncharacteristic of the Japanese (for example see *Asahi Shinbun*, 1990f; Mori et al., 1989).

The Japanese philosophy of competition is one of equal opportunity. In business, this philosophy is often taken further, with the small business being protected, or the large business being restricted. An analogy could compare the Japanese situation to horse racing where the runners are handicapped to try to get a dead-heat finish. The Western model is more akin to boxing, where the competitors only compete against others in their own weight class. In the former, everyone can finish, even if some are well behind. In boxing, often one opponent is knocked-out and cannot continue.

Japanese retailers and other small businesses fervently believe that, having the will to work, they have the right to do so. A competitor who takes away another's market by competing on unequal terms is seen as acting unfairly, even this inequality arises from positive superiority in business ability.

Government regulation of large retail stores has a history stretching back over fifty years to before World War Two. During the first 25 years of the century, large department stores became the dominant form of retailing in Japan. They expanded rapidly, and acquired large shares of their local retail markets (see chapter 4). Fierce competition between department stores affected small retailers over a wide geographical area. Regional department stores were relatively stronger than today, and big Tokyo department stores frequently sent their salesmen to many regional areas of Japan to provide a form of 'mail-order' retailing for wealthy customers (see *Gaishō*, chapter 4). Self-imposed restraints by the department stores themselves proved too half-hearted to satisfy the small shopkeeper community (*Takaoka* and *Koyama*, 1970: p.137-8), and this growth of retail power led to the introduction of the first 'Department Store Law' in 1937 (*Hyakkaten Hō* - [百貨店法]). The law was abolished during the American occupation (1945-1952), but basically the same law was re-enacted at the end of this period as the Department Store Law (1956) (*Hayashi*, 1980: p.266).

Despite the more precise title, in essence the aim of these earlier laws was to restrict the activities of large retailers, department stores being the only significant large retail stores in Japan until the mid-1950s. The law defined a large retail business as:

"A retail business operating within a single store, which takes up 1,500 square metres of store space and provides a wide variety of goods." (7)

(*Nihon Keizai Shinbunsha*, 1988: p.238)

The Department Store Law restricted the opening of new outlets and the expansion of existing stores. This was achieved by requiring special licencing for any such developments.

#### 2.4.2 MOVES TO CURB THE GROWTH OF CHAIN STORES

The Department Store Law (1956) remained in force until 1974 when it was replaced by the present Large Store Law. The new Law was introduced due to a culmination of events at the beginning of the 1970s.

1972 was a turning point for Japanese distribution. It is the year in which Daiei overtook Mitsukoshi as the retailer with the highest turnover in Japan. The Mitsukoshi department store group is, arguably, Japan's most respected retailer and one of the oldest, with a history that stretches back over 300 years. Daiei was founded as recently as 1957 (Dodwell Marketing Consultants, 1985: p.179). By surpassing a national institution like Mitsukoshi in a mere 15 years of business life, Daiei shocked the retail industry, and brought home the strength of the new mass merchandise superstore retailers.

Technically, the original Department Store Law applied to all retail businesses wishing to open with a sales floor space of 1,500 sq.m. or more, but this emphasis on retail 'business' provided a loophole in the law which chain stores were quick to exploit. The superstore chains realised that they could by-pass the existing Department Store Law by opening shopping buildings in which each floor, part of a floor, or store section was operated as a separate



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business up to, but not exceeding the regulation 1,500 square metres (Czinkota and Woronoff, 1986: p.111-2; *Nihon Keizai Shinbunsha*, 1988: p.239).

By exploiting this loophole, superstore chains expanded rapidly throughout the 1960s and early 1970s. Traditional department stores, being more conservative in their business ways and practices, did not take advantage of this idea to any great extent. The new chains of superstores became known as *Giji Hyakkaten* [疑似百貨店] - 'pseudo-department stores' (*Nihon Keizai Shinbunsha*, 1988: p.239). Chain stores soon became the leading companies in Japanese retailing, and, consequently, the new targets for complaint from the small and medium independent retailers; support also came from existing department stores. Demands for greater protection from the competitive strength of these large stores was already strong when Daiei added the final straw, achieving the highest sales of all retailers in Japan.

In 1974, the present Large Store Law was promulgated. The Law's formal name is:

"The Law relating to the Regulation of Retail Business Activity among Large Scale Retail stores." <sup>(8)</sup>

(*Matsushita and Kawagoe*, 1980: p.3)

There are two basic differences between the new Law and the old Department Store Law. First, rather than employing a system to licence businesses, the new law requires companies to make special applications to undertake the building of new facilities (ie. stores), and the expansion of existing ones. Secondly, the Law is not aimed at the level of the retail company or operation, but at the size of building in which the development is proposed. Restrictions on new developments remained the same. The floor size above which the Law was enforced was 1,500 sq.m. (3,000 square metres in the eleven largest cities). This was the same measure used in the previous law. There is no rational or theoretical reason for this value, and it was chosen on an arbitrary basis.

The Law also requires stores to conform to various other regulations relating to opening times and a minimum number of closing days per month.



#### 2.4.3 FURTHER ADDITIONS TO THE LAW

Since 1974 there has been one major revision and a 'temporary' extension of the Law. In the five years up to 1979, dissatisfaction again grew amongst the small retailer lobby as chain stores continued to open stores with relative ease up to, but not exceeding, the 1,500 sq.m. limit. At the turn of the decade, the government was still very keen to protect small stores (see Saeki, 1981; Saeki, 1982). In May 1979, the Law was amended to take in all new store openings over 500 sq.m.. In addition, since 1979, all applications for stores up to 1,500 sq.m. (3,000 sq.m. in the eleven largest cities) were dealt with by prefectural government, with those above these limits being referred to central government under the jurisdiction of the Minister for Trade and Industry. These same limits on store size are still in force today. The larger category are referred to as 1st Rank Stores [第1種大規模小売店舗] (1,500 sq.m./ 3,000 sq.m. or greater), and the smaller category are 2nd Rank Stores [第2種大規模小売店舗] (all non 1st Rank Stores over 500 sq.m.).

A decrease in consumer spending during the early 1980s hit small retailers in regional cities especially hard. The conflict arising from this situation led the government to introduce two additional 'temporary' measures relating to the application procedure for the opening of new large stores. Both measures have remained in force since they were introduced in February 1982.

First, applicants wishing to open 1st Rank Stores are required to submit and explain their proposed plans before a preliminary committee (*Jizen Shōchōkyō* [事前商調協]) at the prefectural level prior to the formal application process before the Council for Regulation of Commercial Activity (*Shōgyō Katsudō Chōsei Kyōgikai* or '*Shōchōkyō*' [商業活動調整協議会—商調協]). This, in effect, lengthened the application process.

Secondly, certain towns and cities were deemed as having achieved 'a desirable' (*Nihon Keizai Shinbunsha*, 1988: p.241) level of 1st Rank store

concentration. The Kageyama Committee concerning 'The Problem of Large Scale Stores' (1982), recommended the extension of local authority powers to restrict the opening of large stores in small and medium towns and cities where large stores already existed and controlled a large proportion of the local retail market (Saeki, 1982; Seiki, 1983; Shimizu, 1980; Takeuchi, 1983). In such cities, large retail corporations, especially national chain corporations, were required to display a degree of self restraint.

In effect, this second addition brought a total freeze of large store applications in hundreds of cities as local governments seized the opportunity to protect local small retailers (Kuruya, 1982). Examples of cities which took these measures included such major centres as Kyoto and Shizuoka (*Nihon Keizai Shinbunsha*, 1988: 240-243; 1990: pp.29-62; *Nikkei Ryūtsū Shinbun*, 1989a: 69-91; *Shūkan Tōyō Keizai*, 1981; Tamura, 1981; see also Omura and Ishii, 1987).

#### 2.4.4 THE EFFECTS OF THE LAW: PROCESS TIME AND LOCAL REGULATIONS

The 1982 additions have turned out to be by far the most controversial part of the Law. Originally implemented for a two year period, in some cities, a freeze on large store developments was still in operation in the late 1980s (*Nikkei Ryūtsū Shinbun*, 1989c: pp.69-74). In addition, the new preliminary stage of the application process (the *Jizen Shōchōkai*) is chiefly responsible for the lengthening of the process as a whole.

No official figures exist that indicate how long the process takes on average, but it seems unlikely that many applications take less than a year. Some can take a lot longer. Non-Japanese journalists have been quick to note the time consuming nature of the application process, but, as the Law has only existed in its present form for around ten years, it is misleading to suggest that some applications take more than ten years to complete (YRI, 1989; Rodger, 1990a).

Nevertheless, the main effect of the Law has been to slow the process of



TABLE 2.1

JAPANESE RETAILING: CUMULATIVE NUMBERS OF LARGE RETAIL STORES AND FLOOR SPACE 1978 TO 1988

CUMULATIVE NUMBER OF LARGE STORES

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1st Rank Stores	2,566	2,775	3,009	3,256	3,446	3,644	3,764	3,869	3,967	4,117	4,247
2nd Rank Stores	-	8,994	9,781	10,257	10,589	10,812	11,021	11,201	11,372	11,579	11,749
Total	2,566	11,769	12,790	13,513	14,035	14,456	14,785	15,070	15,339	15,696	15,996

CUMULATIVE TOTAL FLOOR SPACE ACCOUNTED FOR BY LARGE STORES (1,000 m<sup>2</sup>)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1st Rank Stores	16,513	17,946	19,880	21,167	22,070	23,130	24,225	24,695	25,346	26,540	27,399
2nd Rank Stores	-	-	10,203	10,766	11,080	11,335	11,603	11,837	12,097	12,362	12,616
Total	16,513	17,946	30,083	31,933	33,150	34,466	35,829	36,532	37,443	38,902	40,015

opening any new store over 500 sq.m.. No data are available, but it is probable that a considerable number of proposals have been shelved or totally abandoned due to the length of time and related cost of undertaking the application procedure (see section 2.4.5).

Too often, critics concentrate on the dilatory process resulting from the Law. Although only recently documented even in Japanese, more important than the mechanics of the Law is the inconsistency with which it is sometimes applied (Mori et al., 1989; *Nikkei Ryūtsu Shinbun*, 1989c: pp.58-100). This problem arises from additional regulations imposed by a number of cities around Japan. Many originate from the 1982 notification that allowed the freezing of large store applications in regional cities. In addition, supplementary regulations are often applied that are similar in form to the Large Store Law, but far more stringent. It is reported that over 30% of local authorities maintained additional restrictions on new store openings in 1990 (*Asahi Shinbun*, 1990c). Examples include the requirement in some cities for similar applications when opening any store of more than 300 sq.m. sales space, further restrictions on opening hours, or restricting the areas of the city in which large stores may open.

The problem of local restrictions is a difficult one. The abolition of local regulations was proposed by MITI in the summer of 1989, but local prefectural governments, claiming a constitutional right to decide their own laws, successfully forced MITI to backdown (Hirono, 1989; Kitamatsu, 1989; *Shōgyōkai*, 1989c; *Sugioka*, 1989; *Tsukimoto*, 1989).

#### 2.4.5 LARGE STORE APPLICATION STATISTICS

Various data do exist for the number of applications submitted and the number of stores opened since 1974. Table 2.1 presents cumulative figures of the number of stores falling under the Law between 1978 and 1988, and the total floor space accounted for by these stores. In 1988, around 16,000 stores were



TABLE 2.2

APPLICATIONS SUBMITTED FOR NEW STORE OPENINGS 1974 TO 1988

YEAR	NUMBER OF APPLICATIONS SUBMITTED			
	1st Rank Stores		2nd Rank Stores	
	Number	Cum. Total	Number	Cum. Total
Pre-1974	-	1,845	-	-
1974	399	2,244	-	-
1975	281	2,525	-	-
1976	264	2,789	-	-
1977	318	3,107	-	-
1978	243	3,350	Pre-1979	9,735
1979	576	3,926	1,029	10,764
1980	371	4,297	424	11,188
1981	194	4,491	308	11,496
1982	132	4,623	270	11,766
1983	125	4,748	276	12,042
1984	156	4,904	288	12,330
1985	158	5,062	349	12,679
1986	157	5,219	369	13,048
1987	203	5,422	365	13,413
1988	244	5,666	408	13,821
1989 (see note)	332		-	-
TOTAL APPLICATIONS		5,666		13,821

Note: 1989 figure is for the first six months alone (*Nihon Keizai Shinbunsha*, 1990: p.294).

Source: Data adapted from *MITI* (1989a: p.189).

subject to the Law, 69% being 2nd Rank stores. The number of stores falling under the Law account for around 1% of all Japanese stores (see chapter 4). In other words, only 1% of all Japanese stores have a floor space in excess of 500 sq.m..<sup>(9)</sup> The total store floor space (within buildings) accounted for by large retail stores as defined under the law is given in the bottom half of table 2.1. In 1988, some 4,000 1st Rank stores accounted for around 27 million sq.m. of floor space - roughly a quarter of the total floor space in Japanese retailing.

Table 2.2 presents the number of applications submitted for the opening of new stores since the Law was promulgated in 1974. The numbers of applications rose noticeably prior to the two additional amendments to strengthen the Law in May 1979 and February 1982. After this final amendment to the Law, the number of applications declined up to 1987, but have since begun to recover as, encouraged by overseas pressure, attitudes to the opening of large stores begin to become more favourable.

The inconsistent time lag in processing applications means that the data in tables 2.1 and 2.2 are not strictly comparable. It can be said, however, that by 1988 there were 1,419 1st Rank Store applications and a further 2,072 2nd Rank Store applications that had either been abandoned or were still being processed. In May 1990, MITI announced that they were processing 508 semi-completed applications for 1st Rank stores and 'about 1,000' applications were in the preliminary stages of processing (*Nihon Keizai Shinbunsha*, 1990: p.295).

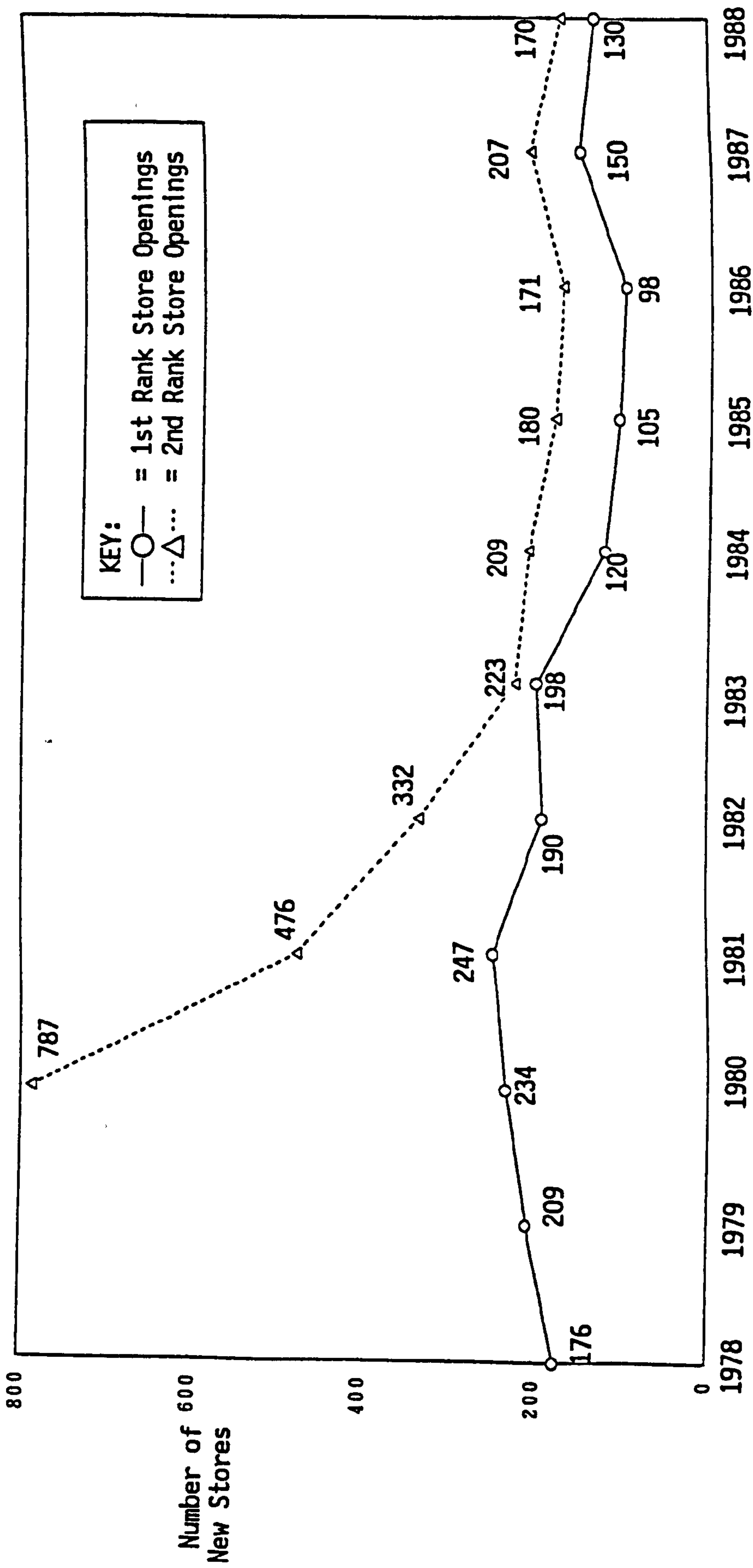
Using data from table 2.1, figures 2.1 and 2.2 further illustrate changes in new large store developments between 1978 and 1988. The annual number of newly opened stores has remained fairly constant since the final strengthening of the Law in 1982 (figure 2.1). Following the 1979 amendments, the number of new 1st Rank Store openings dropped below 200 per year, while the number of 2nd Rank Store openings gradually declined to below 300 a year.

The volume of floor space accounted for by stores falling under the Law shows greater fluctuation (figure 2.2). These figures include floor space



FIGURE 2.1

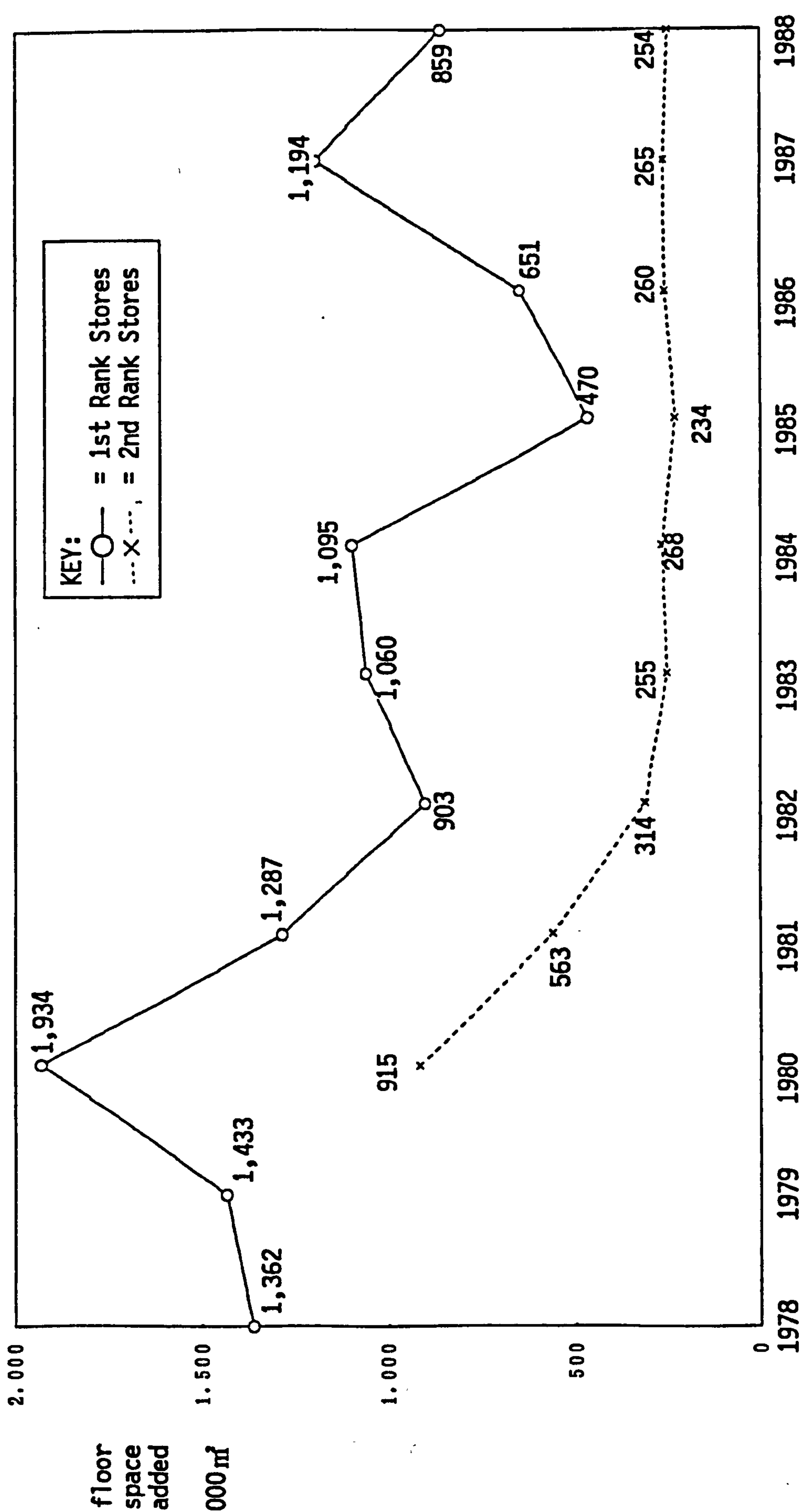
JAPANESE RETAILING: NUMBER OF NEW STORE OPENINGS 1978 - 1988



Source: Constructed from MITI (1989a: p.90, 190).

FIGURE 2.2

JAPANESE RETAILING: ADDITIONS TO LARGE RETAIL STORE FLOOR SPACE 1978 TO 1988



Source: Constructed from MITI (1989a: p.90, 190).



additions in existing stores as well as new outlets in total. Retail companies seeking to open 1st Rank Stores altered their applications depending on both the economic and political climate of the time. The average new 1st Rank Store opened in 1985 had floor space of 4,450 sq.m.. This compares with 8,260 sq.m. in 1980, and 6,600 sq.m. in 1988.

Growth in floor space for 2nd Rank Stores has been fairly constant since the 1982 notification. 2nd Rank stores have less flexibility in optimum store sizes, and most companies will attempt to open stores near the maximum limit whenever possible. The average store size for new 2nd Rank Stores was around 1,280 sq.m. in 1987, and 1,490 sq.m. in 1988, both very near the limit of 1,500 sq.m.. (10)

#### 2.4.6 RECENT DEVELOPMENTS CONCERNING THE LARGE STORE LAW

Since the late 1980s, there has been a marked relaxation of attitudes towards the opening of large stores, along with increased pressure from many quarters for the Law to be abolished. As shown in table 2.2, applications for 1st Rank Stores had increased by 36% on the year to June 1990, with 322 applications (*Nihon Keizai Shinbunsha*, 1990a: p.296; Wagstyl, 1990). The state of current Japanese opinion concerning large store openings appears to be swinging strongly against the Law. Increasingly, pressure has come from the United States to deregulate store openings and encourage liberalisation of entry conditions for overseas companies.

The law draws considerable criticism from overseas. It is claimed that as imported products are mainly sold through larger outlets, restricting the opening of large outlets necessarily restricts the sale of imports. It is often overlooked, however, that imports are frequently handled by exclusive agents who are appointed by the overseas manufacturer, and that the proportion sold through small, speciality tenant stores is quite significant.

In addition, contrary to the belief of some overseas politicians, the Law

does not directly discriminate against overseas retailers, although it does provide a major disincentive and the possibility of discrimination. In October 1989, the American multinational retailer Toys 'R' Us announced its desire to open a store in the provincial city of Niigata in north eastern Japan, along with five or six stores in other parts of Japan by 1991 (Anzai, 1989; *Asahi Shinbun*, 1990b; Graven, 1990; *Nihon Keizai Shinbun*, 1990b; *Nihon Keizai Shinbunsha*, 1990: pp.30-42; Sekiguchi, 1990; Shale, 1990). The city of Niigata is by no means a growing area economically. <sup>(11)</sup> The toy market in Niigata is not large, currently being ¥4.4 billion a year (*Kyōikusha*, 1988) - less than the expected sales of a single Toys 'R' Us store (Sekiguchi, 1990; Shale, 1990).

(12)

Taking into account the relatively poor potential market in Niigata, there are a number of possible reasons for the Toys 'R' Us decision to open their first Japanese store in the city. First, land prices in Niigata are not as high as in many other areas of Japan. Secondly, Niigata may have been chosen as being a potentially easy point of entry, offering an unpopular and an easily dominated local market. Then there is the political motive.

The Toys 'R' Us announcement came as the Japan-US SII negotiations began in the autumn of 1989. It is possible that Toys 'R' Us and the US government gained some mutual bargaining power by the timing of the company's announcement. Too often overseas companies expect products or strategies that have been employed successfully in other countries to work in Japan. This is a rather dubious view, and the Japanese, rightly, find this attitude arrogant (Thomson, 1990b). Toys 'R' Us take the view that they have as much right to operate in Japan as Japanese companies have to operate in the US. This is true, but the small companies that form the basis of the Japanese distribution system have a greater right to defend their own livelihoods.

Although the desire for profit and business survival are basically the same in Japan as in the West, the same set of assumptions concerning business behaviour employed in other countries cannot necessarily be applied in Japan -



especially the principle of profit maximisation (McCornac, 1988; Prestowitz, 1990).

The position of the Japanese government changed as a result of this pressure from the SII and Toys 'R' Us. As noted above, following promises by ex-Prime Minister Takeshita, MITI produced tentative proposals for changes to the administration of the Law in June 1989 (MITI, 1989a: pp.169-196). The proposals were never properly implemented. Finally, the Japanese government flatly rejected unreasonable US demands that the Law should be abolished, but, instead a promise was made to ease the operation of the Law. A new notification was introduced in April 1990, and this came into effect at the end of May.

This notice contained four important points (*Nihon Keizai Shinbunsha*, 1990: pp.78-82). First, minor increases to the floor space of existing stores would no longer require the company to apply for approval. Precisely, existing stores would be allowed to increase their floor space by ten percent or up to 50 sq.m., whichever was the smaller. Secondly, stores were freely allowed to extend opening hours from the previous 6pm closing time to a new 7pm. In addition, the prescribed minimum number of closing days a year was reduced from 48 to 44.

Thirdly, and seemingly most important, the maximum time for the processing of applications was to be set at one and a half years. Time limits were set for preliminary and final stages of the process, with guideline time limits added to the intermediary stages. As the time consuming nature of the process is the Law's main restrictive factor, this specification of the maximum time is an important one. On the other hand, to enforce such time limits, direct intervention by MITI in the prefectural levels of the application process may be necessary. This would create further complaints of 'unconstitutional' practice from local authorities. In addition, the conditions under which an application would fail remain unclear. Until now, it would appear that the main reason for failure of an application was the strong and valid opposition of interested parties from the vicinity of the proposed store's location. Until the 1990 notice, such opposition was felt chiefly through the long extension of the

application process, ie. the greater the opposition, the longer the process took. If a maximum application time of one and a half years can really be guaranteed, does this mean that all new store applications will be successful if companies persevere for this length of time? Some see this third factor as the biggest step towards deregulating the process of opening large stores. In truth, it may create far more problems than it solves (*Nihon Keizai Shinbun*, 1990).

The fourth important point in the notification considered the problem of local restrictive regulations on store openings. As noted above, however, there are major legal and constitutional problems in this area, and MITI have found it difficult to intervene directly. Consequently, the notification was presented in rather ambiguous terms. The notice stated:

"Correction is to be sought of the over application of additions to, and extensions of store opening regulations by local authorities." <sup>(13)</sup>

(*Nihon Keizai Shinbunsha*, 1990: p.81)

The terms 'correction' and 'over application' are unhelpfully ambiguous, and are not further explained.

In addition to this notification, while refusing to be told to abolish the Law, the Japanese government gave an undertaking at the SII talks that the Law would be completely revised in 1993.

#### 2.4.7 SUMMARY OF THE IMPORTANCE OF THE LARGE STORE LAW IN JAPAN

In Japan great importance is attached to the issue of retail regulation. This is shown by the strength of feeling in the Japanese press, and the Japanese government's flat refusal to abolish the Large Store Law in the face of American demands. Overseas insistence that the Law is wrong and should be abolished probably only makes many Japanese more determined not to be bullied by outsiders. The issue itself is second only to that of the opening of the Japanese market to American rice imports in terms of the emotion it draws from the Japanese public. <sup>(14)</sup>



As described above, the fear among Japan's shop keepers that they will lose their livelihoods, and their fundamental belief in their right to be in business is, however, quite genuine. It has nothing to do with keeping out American stores, or even restricting large Japanese stores. It is the reasonable belief that if there are to be so many Goliaths in the world, Davids should at least be given slings. This is not just the belief of Japanese shopkeepers. Many members of the Japanese public believe that a major move towards large scale retail concentration could damage Japanese society as a whole. Such a deep seated worry requires respect.

The Law has the added effect that established large retailers are well protected against the entry of new competition. Consequently, with one or two exceptions, large retail companies tend to be rather reticent with their criticism. Even Isao Nakauchi, Chairman of the Daiei group, who has been a strong critic of the Law in English (Nakauchi, 1989; Tokyo Business Today, 1989), was quoted in the *Asahi Shinbun* as saying:

"The Large Store Law in itself does not require change. What should be improved is the Law's operation." <sup>(15)</sup>

(Nakauchi, 1990)

Further, the Financial Times quoted a representative of Ito-Yokado as saying:

"Ideally, the law should be abolished to promote competition and bring down prices for consumers. But if the law is now managed properly we will be satisfied."

(Wagstyl, 1990)

Even though there will be no great tumult of demands, large Japanese retailers would be more than happy if the Law were abolished (Thomson, 1990b). Given a free hand, the Japanese retail environment would change beyond recognition within a very short period. With the shortage of suitable land in Japan, viable sites for large store development would quickly disappear. Finally, the largest corporations may have little option but to move into merger and acquisition activity to a greater extent than has yet been seen in order

to expand.

Prior to the late 1980s, mergers, while not uncommon, had been gentlemanly affairs. A number of medium sized chains have become part of larger companies on the request or suggestion of one or other of the actors. Examples include Ito-Yokado's takeover of Daikuma discount stores, and Daiei's acquisition of ten percent of Maruetsu. In many cases the medium sized firm will approach the larger group for help of some kind. This is how Ito-Yokado acquired their controlling interest in the Southland Corporation in 1990 (Kaletsky, 1990; Thomson, 1990a; Thomson and Kaletsky, 1990), and one of the reasons Jusco bought into the British and American operations of Laura Ashley in the same year.

While hostile takeovers are rare, the case surrounding the Shuwa Real Estate Corporation that gained much publicity in mid-1989, illustrates the potential for such activity in Japanese retailing. With the aim of controlling prime real estate, Shuwa's chairman Shigeru Kobayashi has built up large share holdings in a number of major retail companies, including stakes in the Isetan and Matsuzakaya department stores. Shuwa's total retail holdings have been valued at ¥150 billion (Allen, 1989; Suzuki, T. 1990b).

Already having a major interest in Life Stores, a medium sized Osaka based supermarket chain in 1987, Shuwa set out to attempt the double takeover of *Chūjitsuya* and *Inageya* (Ekonomisuto, 1990; Fields, 1989b; Itō and Ozawa, 1989; *Shūkan Tōyō Keizai*, 1989a; 1989b; Suzuki, T. 1990b). The aim was to combine the three chains into a new company that would have the seventh largest turnover in Japan. *Chūjitsuya* and *Inageya* together fought the takeover bitterly, resorting to illegal swapping of shares between themselves in an attempt to dilute Shuwa's holdings (Ohashi, S. 1989; *Shūkan Daiyamondo*, 1989e: 1989f; *Shūkan Tōyō Keizai*, 1989a). In the end, their opposition proved successful. After intervention of the Daiei group as a mediator, Shuwa backed off in October 1989 (*Shūkan Daiyamondo*, 1989f), selling its shares in Life Stores for a profit of ¥2 billion (Suzuki, T. 1990b).



Suzuki's article on the Shuwa affair makes an important point. Kobayashi is said to want to 'shake up' in Japanese retailing before he retires. He knows he will gain support from many quarters, not least the United States. As with big businesses the world over, "personal relationships sometimes loom larger than balance sheets and egos can be a factor as decisive as floor space" (Suzuki, T. 1990b: p.29). In Japan very few companies do not remain in the control of a particular family, no matter how big they have become. The sons of retail company chairmen are highly conspicuous on the boards of Daiei and Ito-Yokado, where they are surrounded by the long experience of other sexagenarian and septagenarian directors. In the early 1990s, the founders of Japan's first generation of chain stores are now reaching retirement age. Demands for the deregulation of Japanese retailing, along with the presence of men like Shuwa's Kobayashi, could well push the industry into a period of radical change (Allen, 1989).

It seems unlikely that the Large Store Law will be abolished on completion of the review in 1993, no matter what the pressures. In the present climate, however, the Law is likely to be altered to allow rapid growth in large retail outlets in Japan during the next decade. With or without the Law, there are many who want to see rapid concentration in the retail industry somewhat in line with that seen in many Western nations. No matter what the government decides, this may well occur in the near future.

## 2.8 SUMMARY

This chapter has presented a number of points and mentioned several of the issues apparent in Japanese distribution today. With substantial interest and criticism coming from overseas, the system in Japan is no longer merely a domestic issue. This has been brought about by the relative failure of non-Japanese companies to apply themselves correctly in the Japanese market. While it is a little too simple to blame this on a lack of mutual understanding, it

must be said that there are many aspects of Japanese business that are at least overlooked by many overseas observers.

There are certain issues concerning the consumer that should also be born in mind when considering Japanese distribution. On the whole, the Japanese consumer appears to get a good deal from the distribution system. It certainly delivers a high standard of living to the population.

There are problems for the consumer, particularly high prices, and relatively little enforcement of consumer rights, but conditions are fairly stable. Japanese distribution is not necessarily 'worse', nor 'better' than systems in any other country. The inherent advantages and disadvantages should be considered together, but in isolation from international issues, rather than on a comparative basis.

## NOTES TO CHAPTER 2

- (1) Examples of critical articles and reports in English stretch back over twenty years, but there was an upsurge in interest at the end of the 1980s. These include ACTN (1989: pp.72-3), Anzai (1990), Armstrong (1989), British Embassy Commercial Section (1988b: p.3), Cutter (1990), Czinkota and Woronoff (1986: pp.14-5, 52-5, 71-101), Dawson (1989), Economist (1981; 1987; 1988a; 1988d; 1988f; 1989b; 1989d; 1989j; 1989k; 1989y; 1990c; 1990d; 1990e), Elliot and Yoo (1980), Fields (1988c; 1990e), Flath (1988), Glazer (1970), Higurashi (1988b), Inoue (1989), Jones (1987), Kawashima (1988), Kitamatsu (1989), Mishima (1988), Nakaoka (1989), Nakauchi (1989), Niwa (1988), Ross (1983), Scott-Plummer (1984), Shimaguchi (1977), Shimaguchi and Lazer (1979), Shimaguchi and Rosenberg (1979), Smith (1990), Sulkin (1989), Takaoka (1989), Tokyo Business Today (1989a), Tracey (1988), Wagstyl (1989), Wilkinson (1983, p.201, 230).

In addition to the more critical articles listed above, the number of general articles relating directly to Japanese distribution is large and growing. They include Chippello (1969), Dawson (1984, 1985, 1986), Dawson and Larke (1989), Fields (1988a: pp.170-180; 1989a; 1990f), Focus Japan (1990a), Gröke (1972), Hayashi (1980), Imoto (1989), Katsumoto and Miyazaki (1984), Koyama (1984; 1985), Lazer et al. (1985), McMillan (1984), Mukoyama (1990), Murata (1973), Nakata (1988), O'Donnell (1982), Ogawa (1984), Shioya (1989), Tajima (1984, 1987, 1989), Tamura (1989).

- (2) Land prices are a major problem in Japan. In the mid-1980s land prices in Tokyo, Osaka and Nagoya recorded rapid increases up to 90% in a single year (Hasegawa, 1987). In 1988, the total land value was ¥254 trillion (*Asahi Shinbunsha*, 1988: p.153), and is now twice the land value of the whole of the United States (Kuttner, 1990). Consequently, the average



Tokyo salaried employee can expect to pay at least eleven times his annual income (around ¥70 million) to build a small home on a site well away from the city centre (Japan Times Weekly, 1990b; Sanwa Bank, 1990). The average Japanese home has less than 5 rooms and a total floor space of just over 85 sq.m. (*Somuchō*, 1988: p.205). The two main reasons for this situation are the Japanese land tax system which encourages the maintenance of waste ground and crowded city areas, and the overall shortage of land in Japan. 60% of Japan is uninhabitable, giving an average population density of over 1,500 people per square kilometre in the remaining land area. Yamaichi Securities (1990) provide a recent and comprehensive analysis of the land problem in Japan.

- (3) Fields (1990f) notes that even some Japanese do not agree that Japanese business operate on the same principles of capitalist economics employed in other advanced nations. Quoting prominent Japanese academic sources, Fields notes that many Japanese companies remain committed to increasing sales volume or market share rather than maximising profit. While, it is claimed that these are "not economic principles," it must be said that this strategy has been very successful, especially in export markets, and the long term aim is usually profit. It is true that small companies cannot maintain such a strategy over the long term, but large corporations tend to be far more robust. Japanese business foregoes immediate profit while aiming for market domination, which will lead to enhanced profit as a long term consequence. Working for a doctoral thesis presents a close analogy to this strategy.
- (4) For discussion of the success and methods of various non-Japanese companies operating in the Japanese market see Cohen (1987), Duin (1990), Economist (1988j; 1988k; 1988n; 1988q), Focus Japan (1983; 1984; 1987a; 1990b), Fuse (1989), Haynes (1989), JCCI (1989: pp.33-6), JETRO (1982; 1983b), JETRO and MIPRO (1985), Kakita (1984), *Keizai Kikaku Chō* (1986: pp.179-193), MIPRO (1980; 1981; 1983a), MITI (1983a), Nakata (1982), Ohmae (1989), Ōsaki (1989), Scully (1984), Udagawa (1989), Yoshioka (1982).
- (5) For a non-theoretical illustration of Japanese politics see Economist (1988e; 1988p; 1989o). The discussion of obligatory gift giving presented in chapter 6 is also related to this point.
- (6) For descriptions of similar regulations in other countries see *Nihon Keizai Shinbunsha*, 1990: pp.228-290; Sparks and Dawson, 1988; Tajima and Miyashita, 1985: pp.147-179.
- (7) Original Japanese: 「. . . 店舗内に千五百平方メートル以上の店舗面積を有し、多種類の商品小売業を営むこと. . . 」  
(*Nihon Keizai Shinbunsha*, 1988: p.238)
- (8) Original Japanese: 「大規模小売店舗における小売業の事業活動の調整に関する法律」 (*Matshita and Kawagoe*, 1980: p.3)
- (9) Note that the figures in table 2.1 do not correspond with the figures in table 4.4. The 1988 Census figures apply to sales floor space, while the Law is concerned with the floor space given over to retailing within a single building. Consequently, the figure in table 4.4 is less than the floor space figure in table 2.1. On the other hand, one would expect the number of stores designated as having sales floor space over 500 sq.m. in table 4.4 as being less than the number of stores covered under the Law, but it is actually greater by 454 outlets. The reason for this is unclear, but is probably due to a number of large buildings housing more than one 1st Rank Store, thus reducing the number of cases in the Large Store Law statistics.



- (10) Note that 1,500 sq.m. is the cut off for 2nd Rank Stores in the designated eleven largest cities in Japan only. In the majority of cities in Japan it is 500 sq.m.. These figures suggest a concentration of growth in the major conurbations, especially in 1988 when the figure was so near the maximum possible average.
- (11) Of 654 Japanese cities surveyed by *Kyōdikusha* (1987), Niigata ranked 627th in terms of retail sales growth, and 151st in retail sales per capita. *Asahi Shinbunsha* (1988) also ranked Niigata Prefecture 14th out of 47 in terms of economic growth potential, and indicated that the prefecture will experience a marked decrease in its young, child bearing population up to 2000. These figures make the decision of Toys 'R' Us difficult to understand if the political aspects are not considered.
- (12) Toys 'R' Us stated that projected sales for the store would be in excess of ¥5 billion a year. On the advice of their Japanese partner, McDonalds (Japan), the company later changed this prediction to between ¥2 billion and ¥3 billion in the hope of reducing opposition (*Nihon Keizai Shinbunsha*, 1990: pp.32-33, 297).
- (13) Original Japanese: 「上乗せ規制、横出し規制など地方自治体の行き過ぎた出店規制に対して是正を求める」.  
(*Nihon Keizai Shinbunsha*, 1990: p.81)
- (14) For discussion of the rice issue see Economist (1988b; 1988r; 1988s; 1989q; 1990b), Fields (1990c), Japan Times Weekly (1990c), *Kamiyama* (1990), *Nihon Keizai Shinbun* (1990a), Okada (1990), Thomson (1990c).
- (15) Original Japanese: 「大店法には本来、事前調整など義務つけておらず、出店は届け出制。大店法を正しく運用するだけで良い」  
(*Nakamichi*, 1990)



THE ROLE OF JAPANESE WHOLESALING

3.1 INTRODUCTION

In the United States and Britain, the role of the wholesaler greatly diminished over the 1970s and 1980s. In Britain, detailed, up-to-date information about the wholesaling industry is difficult to obtain. In some merchandise sectors the wholesale function has been absorbed by retailers and manufacturers (see Dawson and Watson, 1988). The same trend is beginning to appear in Japan, but the role of wholesalers still remains an important one.

Vertical intergration of distribution functions has advanced in recent years, but still few large retail companies in Japan do not rely on wholesalers and other intermediary suppliers for a large part of their business. For this reason, the following two chapters provide a detailed review of Japanese wholesaling and retailing respectively. This is not directly relevant to the problems of Japanese consumers, but a consideration of Japanese retailing in isolation of the rest of Japanese distribution presents a somewhat incomplete and possibly misleading picture. This chapter also provides the opportunity to include a volume of recent material and data, the majority of which is taken from Japanese sources.

The role of Japanese wholesalers can be categorised into two general areas. First, they serve as a link between manufacturers and retailers. This is not simply for the sake of business convenience, but provides a necessary part of conservative social conventions. People prefer to deal with people they know and trust. Wholesalers provide an intermediary role between the two ends of the distribution channel, 'introducing' manufacturers and other wholesalers to retailers and vice versa.

Secondly, in the crowded Japanese nation, wholesalers provide an important

storage and bulk breaking function. Shops often have little backroom space to store inventory. In addition, large retailers often receive goods on sale-or-return conditions, paying only for the goods they can sell. Wholesalers must handle the redistribution of goods which go unsold. These are aspects that are 'passed on' to consumers through the retail stage. That is to say, the opportunity for retailers to return goods back up the channel means that they are more willing to accept returned goods from consumers.

The wholesale sector encourages the survival of large numbers of small retailers (see chapter 4). Although these small retailers are not considered in the survey, it is argued that they do influence the competitive strategies of large retail stores. For these reasons, both the wholesale sector and the small retail sector requires some consideration. In this chapter, the situation and role of wholesalers is considered in detail.

### 3.2 THE STRUCTURE OF JAPANESE WHOLESALING

In 1988, there were over 315,000 wholesale businesses operating 436,274 outlets in Japan (table 3.1). The number of wholesale outlets in Japan is higher than for the whole of the United States (MITI, 1989a: p.77). In the same year, wholesale turnover reached ¥446 trillion, or roughly four times the retail sales. These figures include both industrial and consumer goods wholesalers. As there is some overlap between the two it is difficult to consider them separately. Table 3.2 suggests that wholesale outlets dealing in industrial goods number around 220,000 in 1988 or 50% of all outlets. The other half can be considered as dealing mainly in consumer goods.

The average size of outlets is small, with 75% employing less than 10 people (table 3.3). The tables show that the number of wholesale outlets grew strongly up to 1982, but between 1982 and 1985 the number of outlets fell by almost 4%. The numbers in the smallest and the largest classifications, ie. those employing 1 or 2 people and those with more than 100 fulltime employees, both fell by



TABLE 3.1

JAPANESE WHOLESALING: BUSINESSES, OUTLETS, EMPLOYEES AND TURNOVER 1982-1988

	1979		1982		1985		1988 <sup>(1)</sup>	
	Figure	%	Figure	%	Figure	%	Figure	%
1. Businesses	—	—	—	—	304,967	17.6	315,397	18.6
								3.4
2. Outlets	368,608	18.0	428,858	19.9	413,016	20.2	436,274	21.3
		8.3		16.3		▽3.7		5.6
3. Employees	367,638	38.1	4,090,919	39.1	3,998,437	38.7	4,330,567	38.9
		4.5		11.4		▽2.3		8.3
4. Turnover <sup>(2)</sup>	274,545,131	78.9	398,536,234	80.9	427,750,353	80.8	446,328,185	79.7
		23.5		45.2		7.3		4.3

Notes: <sup>(1)</sup> = 1988 figures adjusted to compare with previous years

<sup>(2)</sup> = figures in million yen

▽ = negative growth

%Δ = percentage change in the period between surveys

Source: MITI (1989b).

TABLE 3.2

JAPANESE WHOLESALING: OUTLETS BY TYPE OF BUSINESS 1979 TO 1988

	1979		1982		1985 (1)		1988 (2)	
	OUTLETS	%	OUTLETS	%	OUTLETS	%	OUTLETS	%
General Merchandise	52	0.0	50	0.0	985	0.2	824	0.2
		▽11.9		▽3.8		n/a		▽16.3
Textile Machinery Building Materials	177,084	48.0	213,419	49.8	205,577	49.8	219,626	50.3
		7.8		20.5		▽ 3.7		6.8
Apparel, Foods, Furniture	189,813	51.5	213,253	49.7	204,936	49.6	214,897	49.3
		9.1		12.3		▽ 3.9		4.9
Agents and Brokers	1,659	0.5	2,136	0.5	1,518	0.4	927	0.2
		▽20.2		28.8		▽28.9		▽38.9
TOTALS	368,608	100.0	428,858	100.0	413,016	100.0	436,274	100.0
		8.3		16.3		▽3.7		5.6

Notes: (1) = Classification methods were changed for general merchandise wholesalers.

(2) = 1988 figures adjusted to compare with previous years

▽ = negative growth

%Δ = percentage change in the period between surveys

Source: Adapted from MITI (1989a: p. 23).



more than 5%. Similar falls were recorded in the number of retail outlets (see chapter 4). After 1985, however, the economic boom in the Japanese economy led a recovery in the number of wholesale outlets in all size categories (table 3.3). During this last period outlets employing more than thirty people grew by almost 12%, demonstrating a strong trend towards larger outlets. Consequently, the number of wholesale outlets in Japan in 1988 was the highest ever recorded.

The renewed growth in the number of wholesale outlets is attributed to an increase of manufacturers' wholesale operations. These have grown as smaller and medium sized manufacturers begin to lose their hold on independent distribution channels and seek rationalisation and security through the establishment of their own outlets (MITI, 1989a: p.8). Strong retail sales during the second half of the 1980s was undoubtedly a second major contribution. It is becoming more difficult to open a potentially successful retail business because of the cost of store fitting and severe competition within the industry as a whole. In comparison, it is still relatively easy to open a small wholesale businesses using excess storage space even within a family home.

Japanese wholesalers do not always act as the intermediary between manufacturers and retailers. Secondary and tertiary wholesale transactions are common. In these cases, goods pass between two wholesalers. This increases the recorded volume of wholesale turnover, and deepens the distribution process as it increases the number of stages between the manufacturer or producer and the consumer. A number of reasons for this will be considered below, but the key reason is a shortage of space and the small size of many distribution businesses in Japan. Wholesalers provide storage and finance functions to smaller wholesalers and to small retailers. In some cases, large wholesalers give the same type of support to manufacturing firms, and even large retailers.

Table 3.4 illustrates the different types of business organisation in the wholesale industry. In 1988, around 73% of wholesale establishments were incorporated businesses, representing a rise in number of 26% since in 1979. The number of unincorporated companies has been falling since 1982.

TABLE 3.3

JAPANESE DISTRIBUTION: WHOLESALE OUTLETS BY NUMBER OF PEOPLE EMPLOYED 1979 TO 1988

No of Employees	1 9 7 9			1 9 8 2			1 9 8 5			1 9 8 8		
	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ
1 - 2 people	79,580	21.6	9.5	99,857	23.3	25.5	93,007	22.5	▽6.9	95,315	21.8	2.5
3 - 4 people	92,064	25.0	10.1	108,129	25.2	17.4	105,122	25.5	▽2.8	110,085	25.2	4.7
5 - 9 people	105,139	28.5	8.1	119,599	27.9	13.8	115,089	27.9	▽3.8	121,612	27.9	5.7
10 - 19 people	54,390	14.8	7.4	60,507	14.1	11.2	59,348	14.4	▽1.9	64,686	14.8	9.0
20 - 29 people	16,695	4.5	5.3	18,343	4.3	9.9	18,379	4.4	0.2	20,079	4.6	9.2
30 - 49 people	11,597	3.1	4.7	12,558	2.9	8.3	12,478	3.0	▽0.6	13,896	3.2	11.4
50 - 99 people	6,598	1.8	2.2	7,043	1.6	6.7	6,916	1.7	▽1.8	7,789	1.8	12.6
100 people or more	2,545	0.7	▽3.4	2,822	0.7	10.9	2,677	0.6	▽5.1	2,959	0.7	10.5
TOTAL	368,608	100.0	8.3	428,858	100.0	16.3	413,016	100.0	▽3.7	436,421	100.0	5.7

Note: ▽ = negative growth.

Source: Adapted from MITI (1989b).



TABLE 3.4

JAPANESE WHOLESALING: INCORPORATED AND UNINCORPORATED ESTABLISHMENTS 1979 TO 1988

	1979		1982		1985		1988 <sup>(1)</sup>	
	BUSINESSES	% Δ	BUSINESSES	% Δ	BUSINESSES	% Δ	BUSINESSES	% Δ
Incorporated Establishments	250,379	67.9	297,395	69.3	294,199	71.2	317,768	72.8
Unincorporated Establishments	118,229	32.1	131,463	30.7	118,817	28.8	118,506	27.2
TOTAL	368,608	100.0	428,858	100.0	413,016	100.0	436,274	100.0
		8.3		16.3		▽3.7		5.6

Notes: <sup>(1)</sup> = 1988 figures adjusted to compare with previous years  
 ▽ = negative growth  
 %Δ = percentage change in the period between surveys

Source: Adapted from MITI (1989b).

One third of wholesalers are unincorporated businesses, but this portion of the industry plays a very minor quantitative role, accounting for only 2% of wholesale turnover (figure 3.1). These 119,000 small wholesale businesses play a functional role in the distribution system. Many are family businesses, with the head of the household maintaining other employment in addition to operating a wholesale business. The main role of these small outlets is to provide storage facilities for local retailers. Most are specialised businesses providing small, daily deliveries to retailers in the immediate area. These points will be considered in greater detail below.

### 3.3 CATEGORISATION OF JAPANESE WHOLESALERS

Uno et al. (1988: pp.209-14) categorise Japanese wholesalers of consumer goods by merchandise and commercial area. The authors mention categorisation by function, ie. dropshipper, cash-and-carry, and so on, but this is purely in comparison with the American system. Japanese categorisation by function is unnecessary because, as they point out, "[in Japan] almost all wholesalers provide a full range of functions" no matter how they are otherwise categorised (Uno et al., 1988: p.212). Categorisation by area and merchandise type is summarised below.

#### 3.3.1 WHOLESALERS CATEGORISED BY LOCATION AND COMMERCIAL AREA

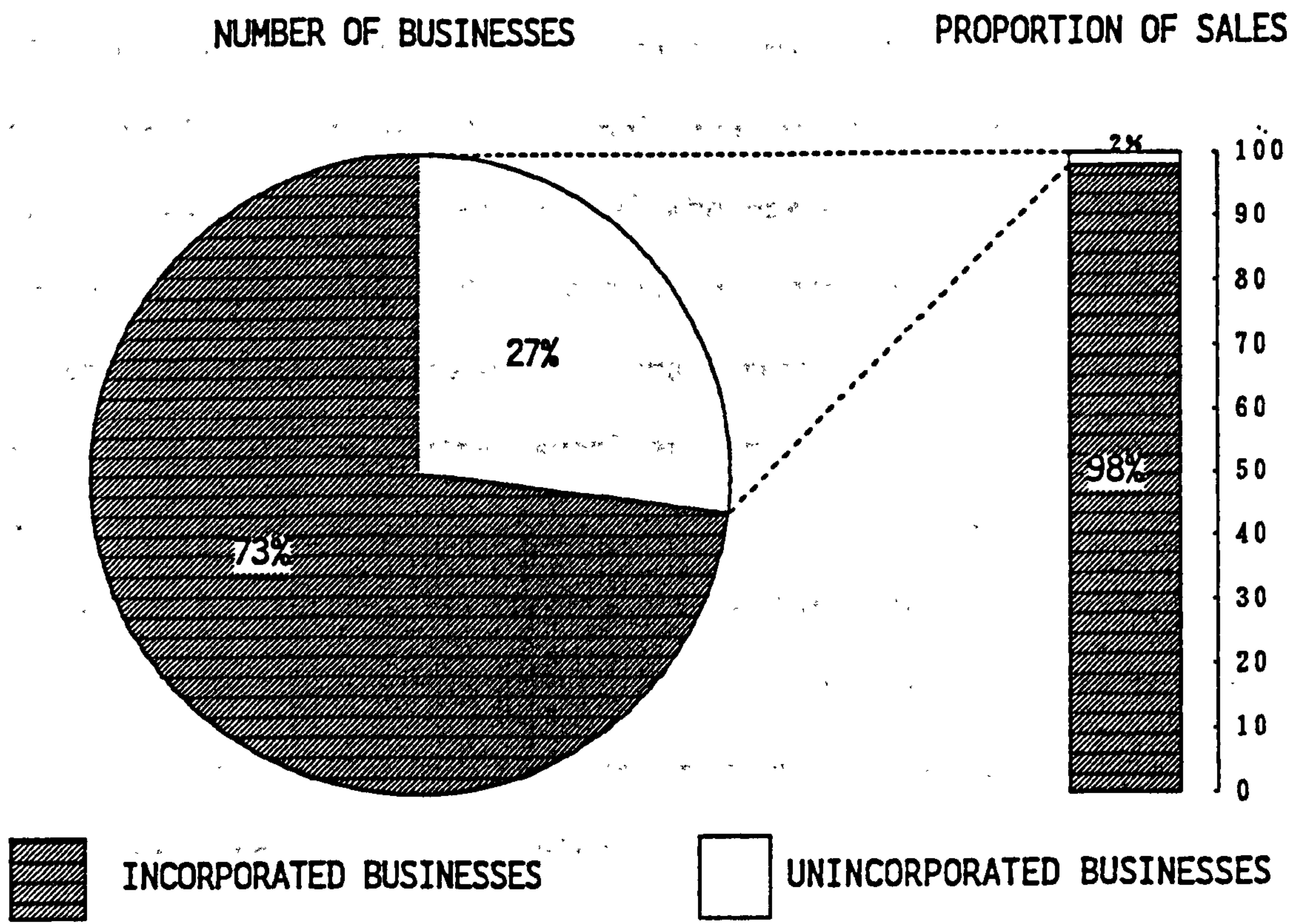
##### A. CENTRAL WHOLESALERS - *Chuo Ton'ya* 中央問屋

Central Wholesalers are large businesses. The majority are located in the three conurbations of Tokyo, Osaka and Nagoya. Their main role is that of a primary wholesaler, with each firm supplying large areas of Japan. Those in Tokyo and Osaka are especially important as they supply the north and the south of Japan respectively. The trading areas of central wholesalers in Nagoya overlaps into that of the first two, but only one or two central wholesalers are based in



FIGURE 3.1

JAPANESE WHOLESALING: INCORPORATED AND UNINCORPORATED BUSINESSES



Source: MITI (1989b).

the Chubu region. Few companies are large enough to be included in this category. The majority are either general merchandise or specialist merchandise wholesalers (see 3.3.2).

#### B. REGIONAL WHOLESALERS - *Chihō Ton'ya* 地方問屋

Regional wholesalers operate within limited geographical areas, usually restricting their business to a single prefecture or smaller. They perform a basic role as a link between central wholesalers and local retailers. These secondary wholesalers are able to maintain more personal and immediate ties with both the larger wholesalers and small retailers than would be possible via direct contact between central suppliers and small shops. As described below, however, central wholesalers are beginning to by-pass regional intermediaries and operate their own depots and outlets throughout the country. Regional wholesalers have an uncertain future, with major changes likely to occur in the 1990s. The larger, better organised regional firms could become takeover targets for large, central wholesalers. These could be the lucky few, as remaining businesses will have to compete against ever larger and more sophisticated operations seeking to take their markets (*Harada*, 1987).

#### C. LOCAL PRODUCE WHOLESALERS - *Sanchi Ton'ya* 産地問屋

A characteristic of the variety in the Japanese market is the large number of local, specialised items produced in very limited areas of Japan, for example Hokkaido crabs or Kyoto confectionary (*Yatsushashi* [八つ橋]). The majority of goods are food items, and many are perishable. Traditionally, such products were handled by small, local wholesalers who mainly distributed the products to nearby retailers.

Over recent years there has been a strong marketing boost for the *furusato* [故郷] - the 'old home town' where many modern, urban Japanese still feel they have their roots. Modern technology and business efficiency has allowed large, national companies to directly access the same regional goods. The supply of



these relatively rare products to the large urban markets is now big business. They are especially popular in gift-giving seasons. Increasingly, large wholesalers have taken over or pushed out the traditional local businesses. Large transport companies and the Post Office also offer these goods for sale, freshly delivered from their place of production.

### 3.3.2 WHOLESALERS CATEGORISED BY MERCHANDISE TYPE

#### A. GENERAL MERCHANDISE WHOLESALERS - *Sōgō Ton'ya* 『総合問屋』

General wholesalers carry a wide range of merchandise. In 1988 there were 824 companies classified in this category (MITI, 1989b). A change in classification method in the 1985 Census of Commerce brought other non-specialist wholesalers into this category (see table 3.2). According to *Uno et al.* (1988: p.209), the majority are medium sized, regional businesses, not large central wholesalers. Their role is to supply a wide range of goods to retailers in their local area. This diversified operation has the disadvantage of restricting the expertise of the wholesaler in any single product sector. There is less opportunity for building information networks with their varied suppliers and retail business customers. Consequently, this type of wholesaler decreased in number over the 1980s, recording a 16% fall between 1985 and 1988.

Although *Uno et al.* omit any further information, this group is the largest single wholesale sector, accounting for around 20% of turnover (MITI, 1989b). The category includes the large Japanese trading companies called *Sōgō Shōsha* [総合商社] (McMillan, 1984; MIPRO, 1983b). These are huge multinational trading houses. The six largest and most famous are Mitsubishi Shoji, Mitsui Bussan, Sumitomo, Marubeni, C. Itoh and Nissho Iwai. Thousands of other trading companies exist in Japan, the majority being small companies specialising in a fairly narrow range of products. The international role of these companies can be identified by considering both their sources and customers (see section 3.5 below).

## B. SINGLE MERCHANDISE WHOLESALERS - *Sengyō Ton'ya* 『専業問屋』

The majority<sup>of</sup> Japanese wholesalers fit into this category. Single merchandise wholesalers in this category specialise in particular product sectors, for example food products or clothing. The depth of assortment carried is often very large, but the degree of product specialisation varies from, for example, general clothing wholesalers, through womens' clothing, womens' fashion clothing, or just womens' dresses.

Single merchandise wholesalers are usually relatively large companies. Many would fit into the central wholesaler category described above. They not only supply retailers, but also smaller, local wholesalers and specialised wholesalers. In recent years, large food wholesalers located in one of the major centres have begun to expand into the regions, by-passing the old intermediary regional wholesale businesses. In the late 1980s, groups such as Kokubu or Meiji have grown in strength and ambition in order to combat the increasing power of large retail companies. Their aim is to develop a national coverage, and the method most commonly employed is friendly takeovers or mergers with smaller regional companies (*Nikkei Ryūtsū Shinbun*, 1989c: pp. 17-20).

## C. SPECIALIST WHOLESALERS - *Senmon Ton'ya* 『専門問屋』

The range of merchandise carried by most specialist wholesalers is relatively narrow. For example, they may carry only coffee or *sake*, or even just certain makes of each. Specialisation allows wholesalers to build expertise in their particular field. This allows the company to provide special marketing and sales advice, even, as is common, supplying wholesaler employed sales assistants to work in retail stores. The majority of assistants selling cosmetics and kimonos in large department stores will be employees of the wholesale supplier rather than the store. Usually, these wholesalers will deal exclusively in a single manufacturer's goods. Fields (1990f) points out that the Mitsukoshi department store in Nihonbashi (Tokyo) employs 2,600 full-time



and 500 part-time employees. Fields estimates that there are a further 2,400 sales people permanently working in the store who are employed by wholesalers or manufacturers.

Although these wholesalers are highly specialised, they are not restricted to small businesses. Many have a large turnover, and supply a wide trading area as a result of the highly specialised nature of their business, and demand for their expert knowledge in the product field.

### 3.4 LARGE WHOLESALE BUSINESS IN JAPAN

The 18th Annual Survey of the Japanese Wholesale Industry (第18回日本の卸売業調査) carried out and published by *Nikkei Ryūtsū Shinbun* (1989c: pp.395-432) provides figures for large wholesale businesses in 1988. The survey is carried out on a questionnaire basis. The overall sales of the 667 companies that provided effective responses comparable with previous years was ¥25.1 trillion, or around 6% of total wholesale sales. The survey, however, is concerned almost exclusively with large, consumer goods wholesalers, and it can be assumed that this figure represents a considerably larger proportion of that sub-market.

The survey classifies consumer goods wholesalers into fourteen general product categories as shown in table 3.5. In 1988 all product categories recorded positive growth in pre-tax operating profits of between 40% (photographic wholesalers) and 5.3% (toy wholesalers). Textiles, dress accessories, sports goods, photographic goods, stationary, furniture, and watches and jewellery wholesalers all recorded better growth in profits than in 1987. Only bedroom and interior goods and books and CD wholesalers had poorer growth in sales in 1988 than 1987.

From 1981, wholesale sales growth was stable between 4% and 7%, but, since the mid-1980s, wholesale profits have been growing well, with a peak increase of 22.6% in 1987. The overall 15.1% increase in net profit growth recorded in the 1988 survey was the second highest for the decade. The survey showed that

TABLE 3.5

JAPANESE WHOLESALING: OPERATING INDICATORS BY PRODUCT SECTOR IN 1988

PRODUCT	(% , ¥ million)							
	Growth on Previous Year				Net Profit Margin		Sales per Employee	
	Sales 1987	Sales 1988	Net Profit 1987	Net Profit (1) 1988	1987	1988	1987	1988
Textiles	4.1	6.1	7.3	15.6	22.4	23.1	43.7	44.2
Foods	3.2	5.2	18.7	11.9	7.2	7.4	138.7	139.6
Dress Accessories	4.7	8.2	6.8	19.3	22.2	22.7	42.1	44.4
Bedding, & Home Fittings	6.5	5.9	38.9	22.8	22.4	23.3	63.9	64.4
Soaps & Cosmetics	8.5	10.6	11.8	8.8	12.0	11.0	60.2	62.3
Household Goods	5.4	10.8	28.4	26.1	13.7	14.1	56.9	60.5
Sports Goods	1.1	4.4	▽5.6	19.6	22.1	22.2	57.7	57.7
Photographic	2.8	3.0	9.7	39.7	10.1	10.2	84.8	88.4
Stationary	7.6	13.1	31.3	34.9	21.8	22.4	47.2	49.9
Furniture	4.4	5.7	24.9	32.5	15.4	16.3	60.2	62.2
Pharmaceuticals	10.2	11.2	25.2	14.4	12.8	12.8	69.5	73.9
Watches & Jewellery	10.6	11.7	9.9	16.2	17.6	17.7	83.7	88.5
Toys	5.4	13.8	18.8	5.3	30.1	28.1	48.2	51.1
Books and CDs	6.6	6.2	52.2	32.3	10.6	10.6	113.9	121.4
ALL SECTORS	5.0	7.1	15.6	15.1	14.6	14.9	71.3	73.1

Notes: ▽ = negative growth.

(1) = net profit after tax is used.

Source: Adapted from *Nikkei Ryūtsū Shinbun* (1989c: p.397).



TABLE 3.6

NUMBER OF ITEMS CARRIED BY WHOLESALERS

<u>Business sector</u>	<u>1984</u>	<u>1987</u>	<u>% Δ</u>
Liquor, foodstuffs	21,254	27,432	29.0
Confectionary	10,938	13,875	26.9
Basic household goods	10,312	14,548	41.1
Pharmaceuticals	17,754	21,900	23.4
Family goods	18,889	24,262	28.4
Furniture	16,800	22,300	32.7
Apparel, accessories	85,484	97,439	14.0
Other	35,630	65,040	82.5
Overall (Weighted av.)	21,431	29,094	31.1

Note: % Δ = percentage change 1987/1984. From a survey of 86 wholesale businesses, September 1988.

Source: MITI survey published in MITI (1989a: p.27).

only the toy sector did not show an increase in gross margin on the year (see *Nikkei Ryūtsū Shinbun*, 1989c: p.397). Table 3.5 shows that gross margins were fairly stable between 1987 and 1988, and only the sports good sector did not show improvements in sales per employee.

Data for individual wholesale businesses is not commonly available. Table 3.6 gives a rough idea of the number of items carried by wholesalers in different product sectors. This data was taken from a sample of 86 wholesalers, although no information is given as to the relative sizes of the wholesalers involved. It can be seen that the number of items carried by wholesalers in each sector grew sharply between 1984 and 1987. The reason for this is unclear. It may have been due to a decrease in the number of businesses, assuming the sample were major, successful wholesalers, or the increases may have been largely due to economic prosperity in the economy as a whole. The figures are presented here purely as an illustration, and it is probably safe to take them as industry averages for large businesses.

Table 3.7 lists the top twenty wholesale companies in Japan in terms of sales. These twenty companies include nine food wholesalers (seven general merchandise and two specialist *sake* wholesalers), and five textile wholesalers. The largest, *Kokubu*, represents around 1% of national sales in food wholesaling, but it is not possible to give an accurate figure because the range of *Kokubu's* business extends beyond food wholesaling.

Differences in profit margins are clearly apparent among the different business sectors. The top food wholesalers maintain after tax net margins below 1%, with *Kokubu* and *Shimaya Shōji* having margins below 0.2%, and the specialist *sake* wholesaler *Koami* recording a margin of a mere 0.05% in 1988. The publishing wholesalers, *Tōkyō Shuppan Hanbai* and *Nihon Shuppan Hanbai* also had margins below 1%.

With the exception of the specialist fabrics wholesaler *Yagi* which experienced a 5% fall in sales, the eight textile and pharmaceutical wholesalers achieved generally better net margins ranging between 1.5% and 4.37%.



TABLE 3.7

## JAPANESE WHOLESALING: TOP WHOLESALERS BY SALES IN 1988

(Unit: ¥ bn, % Margin)

COMPANY (1)	BUSINESS SECTOR	SALES	NET (2) PROFIT	NET PROFIT MARGIN
1. <i>Kokubu</i>	Foods (General)	639.6	1.123	0.18
2. <i>Tōkyō Shuppan Hanbai</i>	Publications	547.4	4.816	0.88
3. <i>Nihon Shuppan Hanbai</i>	Publications	500.2	1.676	0.34
4. <i>Meijiya</i> (3)	Foods (General)	485.7	2.639	0.54
5. <i>Hisshoku</i>	Foods (General)	389.6	1.041	0.27
6. <i>Suzuken</i>	Pharmaceuticals	378.0	5.061	1.34
7. <i>Nihon Shurui Hanbai</i>	Foods (Sake)	356.1	1.379	0.39
8. <i>Matsushita Suzuki</i>	Foods (General)	242.3	n.a.	n.a.
9. <i>Koami</i>	Foods (Sake)	236.6	0.125	0.05
10. <i>Renam</i>	Textiles(General)	222.7	4.706	2.11
11. <i>Takisadame</i>	Textiles(Fabrics)	219.9	4.868	2.21
12. <i>Kuraya Yakuhin</i>	Pharmaceuticals	190.2	2.169	1.14
13. <i>Katō Sangyō</i>	Foods (General)	190.0	1.462	0.77
14. <i>Onwado Kashiya</i>	Textiles(General)	186.6	6.851	3.68
15. <i>Nintendo</i>	Toys	178.6	26.681	14.94
16. <i>Shimaya Shōji</i>	Foods (General)	173.2	0.261	0.15
17. <i>Sanseidō</i>	Pharmaceuticals	168.5	3.158	1.87
18. <i>Yagi</i>	Textiles(Fabrics)	167.2	0.960	0.57
19. <i>Asahi Shokuhin</i> (17)	Foods (General)	157.9	0.834	0.53
20. <i>Warudo</i>	Textiles(General)	151.2	6.609	4.37

Note: (1) = figures in brackets indicate number of companies in the group.

(2) = net profit after tax.

Source: Adapted from *Nikkei Ryūtsū Shinbun* (1989c: pp.398-430).

The three pharmaceutical wholesalers all had high net profits after tax in excess of ¥2 billion.

In terms of profit, however, *Nintendo* the electronic games wholesaler and manufacturer is in a class of its own. The company's post-tax profit of over ¥27 billion was almost four times that of the second highest World (*Warudo*), with ¥7 billion. *Nintendo* owes its success to the high added value of its Family Computer (*Famikon*) games. Sales of the games in Japan were said to have passed their peak in 1988 (*Nikkei Ryūtsū Shinbun*, 1989c: p.428), but exports remained strong, especially in the US.

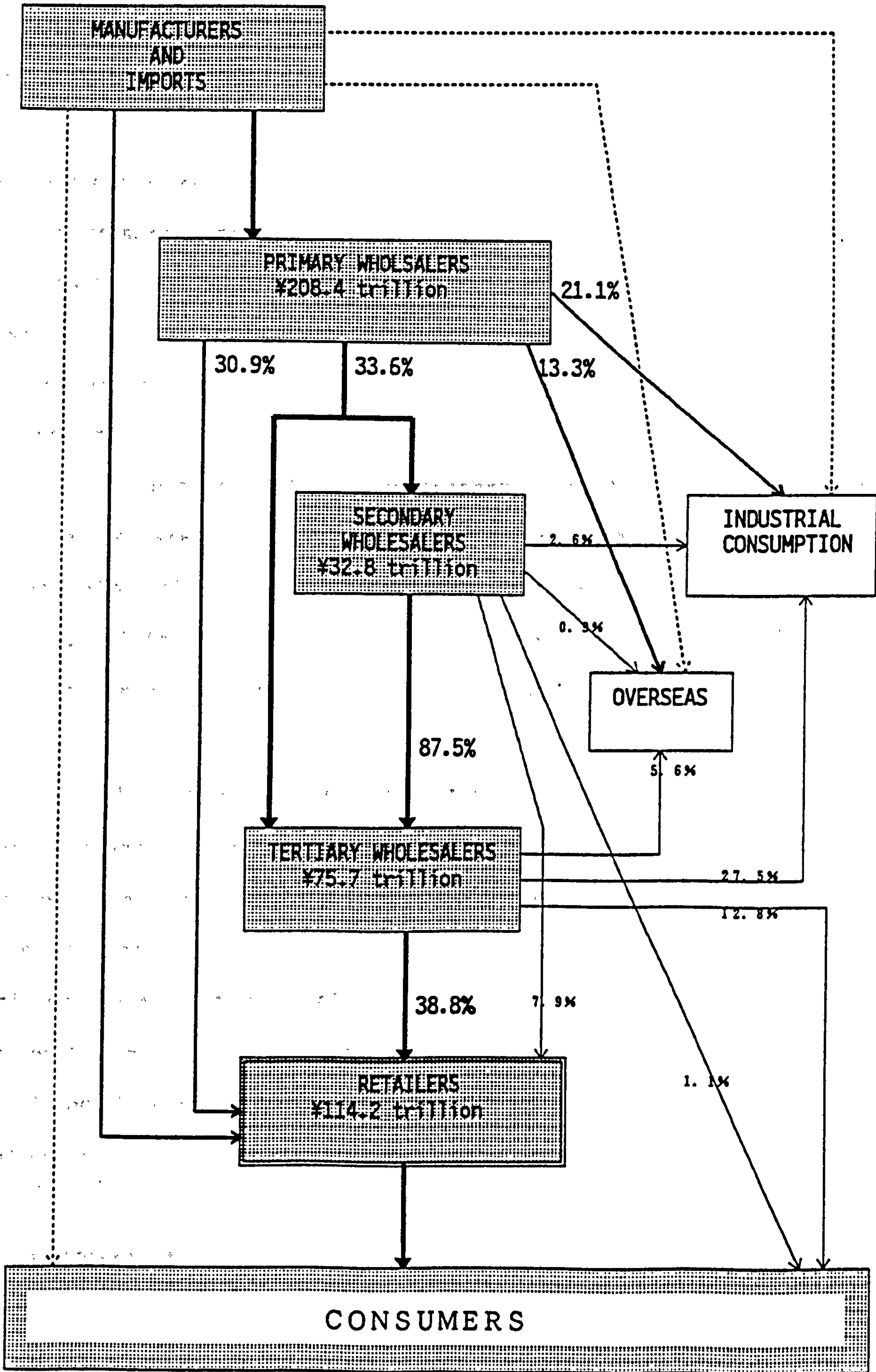
### 3.5 PRIMARY, SECONDARY AND TERTIARY WHOLESALERS

As already mentioned above, an important complication of the Japanese distribution structure is the number of secondary and tertiary wholesalers. This is not a uniquely Japanese phenomenon, but it is frequently cited as a possible reason for high retail prices in Japan (Economist, 1981; Czinkota and Woronoff, 1986). The greater the number of wholesale margins that make up the final retail price, logically, the higher that price will be, despite some arguments to the contrary (*Ejiri*, 1980). On the other hand, it was shown in the previous section that, especially in food wholesaling, net profit margins are very low indeed.

Figure 3.2 is based on a similar illustration from the 5th Basic Survey of Commercial Structure and Activity (*Chūshō Kigyō Chō*, 1989). It shows that the largest single proportion of primary wholesale turnover (33.6%) goes, not to retailers, but to secondary and tertiary wholesalers. Just under 31% goes direct to retailers, and the remainder to consumers, commercial consumers, and overseas. Goods also pass back from secondary and tertiary wholesalers to primary wholesalers, and even other manufacturers. The diagram only accounts for 84.7% of turnover originating from tertiary wholesalers. In the survey it is suggested that the remaining 15.3% of the sales from tertiary wholesaler goes



FIGURE 3.2 JAPANESE DISTRIBUTION CHANNELS - PERCENTAGE SHARE 1986



Source: Adapted from *Chūshō Kigyō Chō* (1989: p.2).  
Figures represent total sales at each stage; % of total sales by route.

to other wholesale dealers (*Chūshō Kigyō Chō*, 1989: p.3). (1)

Tables 3.8 and 3.9 provide detailed analysis of wholesalers' suppliers and customers. The proportion of wholesalers buying from and selling to other wholesalers is large in almost all product categories. The tables are roughly separated into general wholesalers, wholesalers of industrial goods and wholesalers of consumer goods. Not including goods passing between outlets within the same company, industrial goods wholesalers acquire 37% of the value of turnover from other wholesalers (table 3.8). The same proportion, 37%, is supplied to other wholesalers (table 3.9). Consumer goods wholesalers procured 32% of goods from wholesalers, and 38% of their turnover also went to wholesalers.

It can be seen that a large proportion of the business of general wholesalers takes place overseas. This is consistent with the role of many general wholesalers as trading companies. Other anomalies can be seen in the tables, but these are generally predictable. For example wholesalers of processed materials obtain over 72% of their turnover value from other wholesalers.

It should be noted, however, that agricultural and marine products appear to pass through a large number of stages in the distribution channel. The proportion passing between different wholesalers exceeds 48% in both tables. This suggests that, although the margins of large food wholesalers are low, this may be a deliberate policy as food distribution appears to have more stages than other consumer products.

In addition to the categories presented above, Japanese wholesalers may be defined by their position in the distribution channel.

### 3.5.1 PRIMARY WHOLESALERS

The definition of a primary wholesaler translates as follows:

"A primary (direct or source) wholesaler is one which buys goods



TABLE 3.8

JAPANESE WHOLESALING: SUMMARY OF WHOLESALERS SOURCES BY SECTOR

(Unit: %)

	Manufacturers	Another outlet in same Company	Overseas	Self Produced	Another Wholesaler or supplier etc.	TOTAL
General Merchandise	33.4	5.8	19.0	0.0	41.8	100.0
Textile Products	43.0	14.0	5.7	0.4	36.9	100.0
Chemical Products	38.2	34.8	3.4	0.5	23.1	100.0
Mining materials and ore	25.2	37.6	5.3	0.2	31.7	100.0
Machinery & Appliances	34.8	46.4	2.1	0.3	16.4	100.0
Building Materials	35.8	25.0	1.8	0.8	36.6	100.0
Manufactured Materials	16.9	7.2	2.0	1.0	72.9	100.0
Apparel & Accessories	45.3	16.0	2.5	1.5	34.7	100.0
Agricultural & Fish Produce	25.7	23.0	2.2	0.5	48.6	100.0
Food and Drinks	32.7	35.5	1.4	0.6	29.8	100.0
Pharmaceuticals & Cosmetics	34.7	47.7	1.7	0.3	15.6	100.0
Furniture & Fittings	26.9	26.9	1.6	1.1	25.4	100.0
Other products	22.9	22.9	3.8	0.7	34.7	100.0
Total Wholesale Industry	33.0	27.6	6.1	0.4	32.9	100.0

Source: MITI (1989a: p.92).

TABLE 3.9

## JAPANESE WHOLESALING: SUMMARY OF WHOLESALERS CUSTOMERS BY SECTOR

(Unit: %)

	Retailers	Another outlet in same Company	Overseas	Industrial Consumer	Another Wholesaler	General Consumers	TOTAL
General Merchandise	5.9	3.2	20.7	40.9	29.3	0.0	100.0
Textile Products	14.5	2.3	5.9	21.8	55.3	0.2	100.0
Chemical Products	8.6	2.9	2.1	45.9	40.3	0.2	100.0
Mining materials and ore	19.5	5.3	4.1	36.1	34.3	0.7	100.0
Machinery & Appliances	21.7	8.3	11.2	32.8	24.9	1.1	100.0
Building Materials	17.6	2.3	0.6	40.8	38.3	0.4	100.0
Manufactured Materials	3.4	1.3	0.7	58.9	35.5	0.2	100.0
Apparel & Accessories	58.8	11.0	1.0	3.7	25.0	0.5	100.0
Agricultural & Fish Produce	34.2	10.3	0.6	5.5	48.9	0.5	100.0
Food and Drinks	42.1	6.0	0.4	8.7	42.1	0.7	100.0
Pharmaceuticals & Cosmetics	28.9	6.2	0.4	24.8	39.4	0.3	100.0
Furniture & Fittings	42.1	5.0	3.2	15.0	33.5	1.2	100.0
Other products	30.1	6.8	2.1	23.9	36.2	0.9	100.0
Total Wholesale Industry	22.9	6.1	7.4	28.0	35.0	0.6	100.0

Source: MITI (1989a: p.92).



directly from manufacturers or overseas, and either (a) supplies industrial end-users, retailers or overseas buyers (Primary Direct Wholesaler), or (b) higher level wholesalers (Primary Source Wholesaler)." <sup>(2)</sup>

(*Chūshō Kigyō Chō*, 1989: p.2)

Uno et al.(1988: p.211) note that primary wholesalers are usually large scale businesses. They frequently form the link between manufacturers and regional or local secondary wholesalers. Primary wholesalers usually fall into the category of central wholesalers, being large businesses based in one of the main commercial centres of Tokyo, Osaka or Nagoya.

At the individual company level, however, a single wholesaler may play the role of primary wholesaler when dealing in one product or brand, but may be a secondary wholesaler, ie. sourcing goods from other wholesalers, when dealing in another brand or product. This situation most often arises when a competing primary wholesaler has better links with the manufacturer of the product which the company wishes to purchase. This relationship will act in exclusion of other primary wholesalers. In this case, even very large wholesalers have no option but to buy from the manufacturer's designated supplier. This type of exclusive dealing also forces large retailers to rely on certain wholesalers for particular brands.

### 3.5.2. SECONDARY AND TERTIARY WHOLESALERS

The *Chūshō Kigyō Chō* (1989: p.2) provides the following definitions:

"Secondary (or Intermediate) Wholesalers buy products from wholesale companies, and supply wholesalers at the next level of distribution." <sup>(3)</sup>

"Tertiary (or Final) Wholesalers buy products from wholesale companies, and supply retailers, industrial end-users or overseas buyers." <sup>(4)</sup>

Secondary and tertiary wholesalers have no direct, formal links with manufacturers and producers. Most commonly they are small and medium sized companies, and operate as regional businesses. As described above, there are

cases where a large, primary wholesaler will make transactions in the role of a secondary or tertiary wholesaler.

While the clear distinguishing feature of secondary and tertiary wholesalers is that they buy from other wholesalers, the statistics show a more ambiguous situation. According to the *Chūshō Kigyō Chō* survey (*Chūshō Kigyō Chō*, 1989: *Oroshiurihen*, tables 24 and 25), 'secondary' wholesalers buy only 77.4% of their produce from other wholesalers, while 'tertiary' wholesalers buy only 51.9%. Despite the definitions provided in the survey, the two classifications of wholesalers purchase some 17.1% and 9.6% of products respectively directly from manufacturers. This suggests that the formal definitions given above are only describing the main role of the company. A considerable overlap in the types of transactions carried out at all three levels, means that wholesalers can only be defined as 'primary', 'secondary' or 'tertiary' by the broad basis of their business.

### 3.6 THE ROLE OF WHOLESALERS IN JAPAN

#### 3.6.1 SERVICES PROVIDED BY WHOLESALERS AND MANUFACTURERS

As described briefly in the introduction, in the West, wholesalers are considered almost obsolete in some product sectors. In Japan they still continue to play an important role in the distribution channel. They provide essential physical distribution and storage functions. In addition, Japanese wholesalers provide a number of services to small, independent retailers including financial aid and marketing support. Without this help, many retailers could not continue in business (*Itozono*, 1988).

Many of the services provided for retailers by wholesale business originate with manufacturers. As is explained in chapter 4, the majority of Japanese retailers are small, independent businesses, often family owned and located in the family home. The smallest retailers lack storage space, financial strength



and marketing knowhow, making them reliant on wholesalers or manufacturers for assistance in these areas.

Small retailers can receive support in the form of:

- long credit periods for payment on goods
- financial help for expansion
- financial help during slump periods
- marketing advice and materials
- liberal rights to return goods unsold
- and various performance incentives and bonuses for remaining loyal to suppliers or for achieving good sales turnover.

Many of these practices have been documented in English (Akiyama, 1989; Czinkota and Woronoff, 1986; Dentsu, 1978; Dodwell Marketing Consultants, 1985: 1988; Maruyama et al., 1989; Mukoyama, 1990; Shimaguchi, 1977; Shimaguchi and Lazer, 1979; Shimaguchi and Rosenberg, 1979; Kajihara, 1988), but, as can be understood from some Japanese sources (see *Keizai Kikaku Chō*, 1986: pp.25-37) more important than the practices themselves is the general background that leads to their use. This degree of channel support is possible due to the strength of personal business ties between members of the distribution channel.

Japanese manufacturers have controlled the power in distribution channels since World War Two (Kajihara, 1988). This situation is now only just beginning to change. Large retailers have begun to expand vertically up the distribution channel in order to better control supply of products and achieve better cost efficiency (Ishibashi, 1989; Kishi, 1989).

### 3.6.2 THE IMPORTANCE OF LONG-TERM BUSINESS RELATIONSHIPS

As is traditional in Japanese business, long-term connections at a personal level are expected between clients and suppliers. Even large companies may allocate the same buyer to specific suppliers, rather than expect buyers to deal with the best possible source available at the time. Despite the subjective nature of the system, this factor is the most prominent and the most important.

Shimaguchi (1977) presents and subjectively discusses 21 formal hypotheses relating to Japanese distributive operations. Thirteen of these hypotheses are directly related to the personal business relations expected in Japanese distribution. The results of his study emphasise the great importance of personal, long standing relationships, even to the point that businesses may provide each other with interest free loans, or wholesalers may take losses in order to support a smaller wholesaler or retailer.

Shimaguchi's study was based solely on manufacturing companies in the pharmaceutical and dental products industries. It considered the actual and claimed distribution policies and practices employed by the companies. Although all his respondents clearly indicated that they were basically profit orientated, human relations were held to be vital. The author suggests:

"... economic preference did not mean that [manufacturers] could ignore human associations with wholesalers. Without the cooperation of wholesalers, these respondents explained, good business was not possible."

(Shimaguchi, 1977: 86-7)

Respondents from the manufacturing and wholesale industries claimed that financial incentives, such as loans, rebates or discounts, were provided on rational, objective grounds, for example, a percentage of achieved sales. The results of the study, however, suggest that the financial support and incentives were most commonly based on manager discretion. Economic performance and other objective guidelines were secondary. For example Shimaguchi quotes one manager as confessing:

"... secret human based rebates which are usually unknown to others are very dependent on our discretion and are in fact a source of our control over wholesalers."

(Shimaguchi, 1977: p.110)

Manufacturers commonly provide wholesalers with rebates, bonuses and discounts. In turn, these are frequently passed on in part to retailers. While such incentives are used to encourage better performance in the distribution industry, they are rarely passed on to the consumer in the form of lower prices.



More commonly, although technically illegal, such incentives are used to 'encourage' distributors to maintain the manufacturer's desired price levels.

Low net profit margins in both the wholesale and retail industries, and the relatively small size of many outlets, mean that a lot of distributors rely on these rebates and other financial help in order to survive. This provides the possibility for rigid 'recommended' price policies to be maintained easily and effectively.

The Japanese Fair Trade Commission (FTC - *Kōsei Torihiki Iinkai* [公正取引委員会]) has occasionally felt the need to put a stop to such anti-competitive practices (Flath, 1989; Kobayashi, 1988; Watanabe and Suzuki, 1988). The power of the large Japanese manufacturers, and their strong support of distribution channels means that many channel members are more than willing to cooperate to maintain price levels, even when sales are poor. Discounts are available to consumers for some products such as electrical goods, but these are relatively rare, being the exception rather than the rule (Yoshino, 1971: pp.119-20, pp.122-3; Mishima, 1988).

### 3.6.3 ADVANTAGES OF WHOLESALER SERVICES FOR THE CONSUMER

Other practices within the distribution system are of more direct benefit to consumers. Even aspects that are beneficial to consumers, however, invariably provide an improved level of service rather than reduction in price.

For example, as described above, manufacturers commonly place their own employees with wholesalers as expert salesmen for their own products (*Keizai Kikaku Chō*, 1986: pp.34-35). These employees are common in large retail stores, especially for quality foods, regional foods, cosmetics, jewellery, fashion boutiques, *kimono* and handy crafts. Theoretically, these 'experts' have the advantage of specialised training, and an indepth knowledge of their particular products. In this way they can provide special help and advice to consumers. They are highly motivated towards selling a particular product and can

contribute directly to the sales performance of wholesalers or manufacturers.

For the retailer, these loaned employees can represent a reduction in staffing costs, but, on the other hand, in a large store, they can be unhelpful when a customer wants advice on a neighbouring product. It is possible for retailers to become over reliant on this service, leaving their own employees with insufficient product knowledge or experience. Rightly or wrongly, the practice can also lead to companies becoming more dependent on a single supplier, reducing the range and variety of goods that it handles (Shimaguchi, 1977: pp.57-8 and pp.93-5).

A second practice that presents considerable benefits to consumers is a lenient policy on return-of-goods. Wholesalers and manufacturers will generally accept return of goods on a very liberal basis, even for the simple reason that they failed to sell. Consumers are able to benefit as they can easily return goods for almost any reason they wish. Almost all department stores operate on this basis. <sup>(5)</sup> In many cases retailers can return unsold goods to wholesalers, and, in turn, wholesalers to manufacturers. These goods will then be re-sold in other areas of Japan, released into the discount market, or possibly even destroyed or recycled.

By accepting the return of unsold goods, manufacturers can control a desired pricing policy by disallowing discounts on unsold merchandise. In some cases goods cannot be returned unless damaged, but, rather than refuse returns, it is more common for manufacturers to penalise intermediaries who make returns by cutting the otherwise applicable bonuses and rebates (Shimaguchi, 1977: pp.52-3, pp.114-5). Alternatively, bonuses and rebates are provided when intermediaries do not return goods. As bonuses and rebates received by wholesalers are passed on to retailers after the wholesaler has taken their own cut, such punishments are felt down to the bottom of the channel. The consumer pays for a liberal return privilege through higher overall prices.

Free return of goods is covered in the literature in some depth (Czinkota and Woronoff, 1986: pp.86-87; Dodwell Marketing Consultants, 1988, p.81; *Keizai*



*Kikaku Chō*, 1986: pp.31-34; Shimaguchi, 1977; Shimaguchi and Lazer, 1979; Shimaguchi and Rosenberg, 1979; *Tajima*, 1985). Shimaguchi (1977, p.115) and Czinkota and Woronoff (1986: p.86) noted that returns are more common from smaller companies, or from outlets which do not have the networks to redistribute unsold items. This, however, no longer appears to be the case. Today, and since the mid 1980s at least, Japanese retailers and wholesalers are not given the same degree of freedom to return goods as suggested in the literature.

\* Interviews undertaken by the researcher <sup>(6)</sup> suggest that only large stores, that is department stores and superstore chains, who provide important sales outlets, are given the privilege to freely return unsold items (see also *Ejiri*, 1985). The majority of small retailers and, in turn, small wholesalers can only return unsold goods if they are damaged, or if the manufacturer recalls the goods. The latter case occurs not just when the product is faulty, but in a number of product sectors where the manufacturer alters the product offering regularly. This occurs in the electrical, beer and cosmetics industries for example. Return of unsold items has become the privilege of the large retailer in Japan.

### 3.7 DEVELOPMENTS IN JAPANESE WHOLESALING

#### 3.7.1 MARKET CONCENTRATION IN JAPANESE WHOLESALING

Greater competition in distribution has pushed larger wholesalers towards rationalisation. In particular, there are growing moves by central wholesalers to increase control over regional markets. Japan's top three food wholesalers (see table 3.7) were all involved in takeover activity in the winter of 1988 to 1989. The largest, *Kokubu*, acquired the Nagano based *Maruichi Sanshō* in January 1989, extending direct control of its operations into the Shinshu and Hokuriku regions. *Maruichi Sanshō* was the twentieth largest food wholesaler in terms of

sales in 1988, with turnover of over ¥100 billion.

Meidiya (*Meijiya* [明治屋]), the number two food wholesaler, acquired *Ohisa Kanbutsu* in Shikoku's Kagawa Prefecture in November 1988, and later *Sakaeta Kanbutsu* in Akita Prefecture. In both cases, Meidiya not only acquired greater geographical coverage within their direct operations, but bought a regional wholesaler with a high degree of expertise in dry food wholesaling, and which had been in operating for many, many years. They were acquiring not only the physical assets of the company, but the personal connections that the company had built up over years of trading.

The number three food wholesaler, *Ryōshoku*, took a slightly different approach. The company is based in Tokyo, but it set up smaller 'regional' outlets in Tokyo, Osaka, and Hokuriku in order to extend its secondary wholesaling activities, and by-pass independent regional wholesalers (*Nikkei Ryūtsū Shinbun*, 1989c: pp.17-18).

In addition to improving geographical coverage, firms have been expanding their traditional wholesaling functions. The successful wholesalers now operate a wider range of physical distribution services, including transportation, warehousing facilities, and electronic ordering and information systems. Small unit, frequent delivery services are a tradition for Japanese wholesalers (Shimoguchi, 1977: p.54). Modern Japanese retailers are increasingly seeking to improve the efficiency of their operations through just-in-time delivery systems (Itō, 1987). The growth of convenience stores which require well controlled, frequent delivery of perishable goods in small units have given a major push to these developments.

Wholesalers themselves are being forced to comply with retailer demands for flexibility. Figures published by MITI (1989a: p.27) show that the average number of deliveries per store per week rose from 2.9 times in 1984 to 3.7 times in 1987.<sup>(7)</sup> In addition, the proportion of items delivered more than six times a week rose from 14.9% to 20.2% in the same period. To maintain an efficient, high frequency delivery service, larger wholesalers have expanded



their transport facilities, and increased the number of regional distribution depots throughout Japan (*Nikkei Ryūtsū Shinbun*, 1989c: p.18; see also Matsubara, 1988; Nagamine, 1988; Okuzumi, 1987 ; Sasaki, 1988; Suzuki, J. 1988).

Smaller wholesalers are also under considerable pressure to rationalise and improve their overall operations. Uno et al. (1988: pp.229-31) give one example. In 1988, Ito-Yokado (see chapter 4) made eight of an original 92 suppliers responsible for delivery of undergarments to the company's major Tokyo superstores. The remaining 84 suppliers could only deal through one of the eight designated dealers. Delivery frequency was increased to four or five times a week from a previous twice a week. For some stores, deliveries are made on a daily basis in trucks that also deliver perishable foodstuffs. This move was forced on suppliers by Ito-Yokado.

Despite the conceivable problems that could have arisen by demanding that suppliers cooperate in this way, Ito-Yokado stores are vital outlets to many of these small wholesalers. The company reported that they had few problems implementing the changes. The one obstacle, it was reported, was that Ito-Yokado executives had to undertake 'considerable heart-searching' before moving to disregard the traditional personal relationships between Ito-Yokado managers and their suppliers (Uno et al., 1988: p.236).

While large wholesalers are seeking strength in size and efficiency, many smaller suppliers can do little but attempt to cooperate with increasingly stringent demands from large retail groups such as Ito-Yokado, Daiei, Seiyu, and Jusco. One option, as seen in European wholesaling, is the creation of voluntary buying groups from a number of smaller wholesalers (*Chūshō Kigyō Chō*, 1989; *Efujī*, 1982), and these have expanded with the new growth in convenience store chains in Japan.

### 3.7.2 DEVELOPMENT OF OWN-PRODUCTS

Realising the growing power of large retailers, wholesalers have begun to

diversify their business operations. Increasingly, wholesalers are sourcing products from abroad and contracting production of own-brand goods. This activity is defensive in that wholesalers need to find ways to compete with the growing strength of large retailers and the continuing power of large manufacturers. For Japan, however, diversification in the wholesale industry is a relatively innovative development.

Table 3.10 illustrates product development and sourcing activities of a sample of Japanese wholesalers. In-house and contracted production of own brands are already common practices. About 43% of respondents already contracted production to overseas manufacturers, and this was an area where many respondents planned future expansion. This form of own-brand production took place in cooperation with both domestic and overseas manufacturers. By contracting production overseas, wholesalers are often able to obtain products that are cheaper than domestic alternatives.

Development of imported products in some form was seen as an opportunity for product differentiation and improvements in company image. Parallel importation of famous brands was undertaken by only sixteen of the respondents. One reason for this is that famous overseas brands are favoured by large retailers who look to control their own direct imports, effectively excluding many wholesalers from this area of business.

Considering the motivation behind these activities (table 3.10), the factor with the highest average percentage of responses for the nine activities presented was (d): "to improve competitive strength through a unique product."

"This is clearly a defensive strategy aimed at controlling that one special brand or product that could secure the company's future.

### 3.7.3 DIVERSIFICATION INTO RETAILING

Table 3.11 illustrates the expansion of some wholesalers into retailing. As the future need for wholesale functions becomes less certain, wholesalers are



TABLE 3.10

## JAPANESE WHOLESALING: DIVERSIFICATION THROUGH PRODUCT DEVELOPMENT

METHOD OF PRODUCT DEVELOPMENT	HAVE EXPERIENCE	PLANNED FOR FUTURE	REASON OR MOTIVATION (see below)					
			a	b	c	d	e	f
In-house production	50.3	23.8	33.3	15.6	4.6	40.4	7.3	7.3
Contract to domestic manufacturer on own design	73.0	32.4	22.8	8.1	14.8	39.6	7.4	13.4
Contract to overseas manufacturer on own design	42.7	38.4	9.8	43.9	12.2	26.0	6.5	12.2
Promotion of small, regional manufacturers' products	33.0	18.9	15.6	15.6	33.8	29.9	5.2	15.6
Pioneering importation of overseas products	27.6	41.1	1.0	3.8	16.2	42.9	20.0	23.8
Obtaining license from overseas firm	23.2	23.8	1.5	1.5	11.8	32.4	33.8	25.0
Becoming a sole import agent for overseas firm	24.9	27.6	1.3	2.6	12.8	42.3	19.2	28.2
Parallel importation of famous brands	8.6	15.1	2.6	18.4	18.4	18.4	34.2	26.3
Non-wholesale joint venture to promote new products	18.4	50.3	2.7	4.5	29.7	24.3	10.8	34.2

## Key:

- a : to ensure secure product supply
- b : to ensure profitability by cost reduction
- c : because a differentiated product is sort in terms of function or design
- d : to improve competitive strength through a unique product
- e : to improve the company image
- f : to achieve differentiation from other companies

TABLE 3.11

JAPANESE WHOLESALING: DIVERSIFICATION INTO RETAILING

METHOD OF EXPANSION INTO RETAILING	HAVE EXPERIENCE	PLANNED FOR FUTURE	REASON OR MOTIVATION (see below)				
			a	b	c	d	e
Directly managed stores in independent locations	30.8	42.2	21.1	17.5	47.4	5.3	11.4
Taking sales space in department stores and large stores	34.1	23.2	5.9	48.2	31.8	3.5	7.1
Non-store retailing in conjunction with retail company	23.2	29.7	15.0	38.8	13.8	25.0	12.5
Non-store retailing through in-house systems	5.6	24.9	9.4	18.9	15.1	45.3	11.3
Become leader of a franchise chain	7.6	19.5	20.0	44.4	11.1	17.8	13.3
Open as a franchisee in an existing chain	1.6	4.9	10.0	10.0	10.0	60.0	20.0
Become leader of a voluntary chain	6.5	11.9	16.7	50.0	10.0	---	16.7

Key: a : due to limitations of conventional wholesale business  
b : to strengthen and secure distribution channels  
c : to build up information and expertise in various fields  
d : to move into business areas with a promising future  
e : to better utilise existing distribution channels, expertise and personnel

Source: MITI survey of 185 companies, November 1988, published in *MITI*(1989a: p.35).



keen to own and operate their own free standing stores. Meidiya has operated a small chain of high quality imported food stores for a number of years. More recently, large food wholesalers have moved to establish their own convenience store chains. The following wholesalers all operate convenience stores and mini-supermarkets (see chapter 4) that rank among the top twenty chains in Japan in terms of sales volume: *Kittaka* (operators of K-Mart Chain), *Maruyo Nishio* (Hokkaido Grocery Chain and Seicomart), *Meikan* (Mama Chain), *Kokubu* (Community Store), *Hiroya* (3-Eight and Hi-Mart), and *Yamaizumi* (CoCo Store) (*Nikkei Ryūtsū Shinbun*, 1989c: pp.478-479).

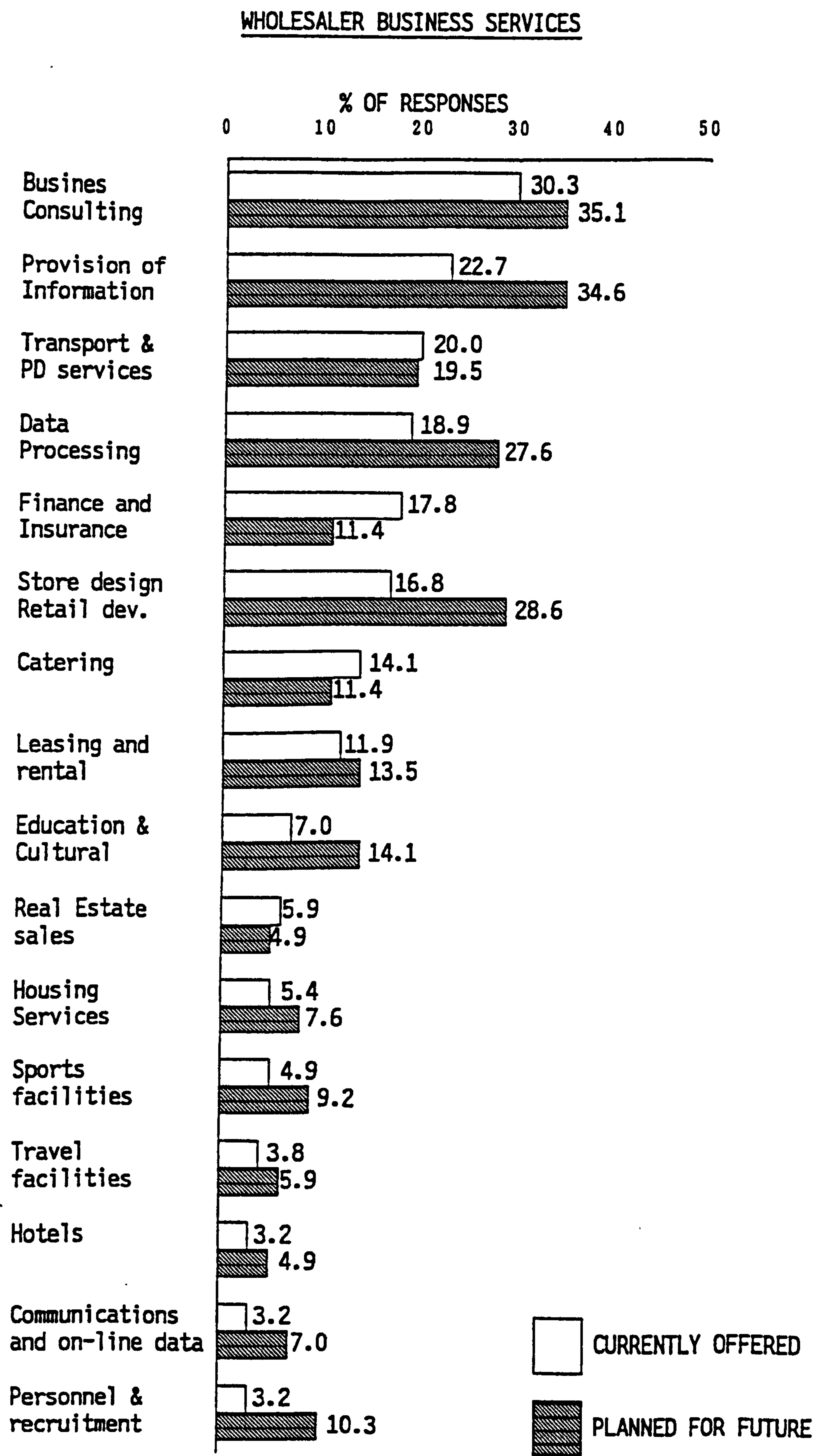
As shown in table 3.11, the main reasons given for this type of vertical diversification were (b): "to strengthen and secure sales channels," <sup>(9)</sup> and (d): "to move into business areas with a promising future." <sup>(10)</sup> Larger firms have also recognised opportunities for employing existing information networks for retail operations (*Kanemura*, 1989; *Nihon Keizai Shinbun*, 1990c).

In the above list, *Maruyo Nishio* is particularly interesting as it represents the rare case of a wholesaler switching the core of its business to retailing. In 1988, taken together the convenience and grocery chains of *Maruyo Nishio* had the seventh largest turnover for all such chains in Japan. The parent wholesale company, which is now the franchisor for Seicomart and the leader of the Hokkaido Grocery Chain of voluntary stores, ranked only 117th in turnover for food wholesalers (*Nikkei Ryūtsū Shinbun*, 1989c: p.402). The other wholesalers operating retail chains of any size are all major food suppliers. While an almost unique case, *Maruyo Nishio* is a good example of the opportunities available for relatively small, but progressive Japanese distributors.

#### 3.7.4 DEVELOPMENT OF RETAIL SUPPORT SYSTEMS

Figure 3.3 illustrates a number of present and future retail support services provided by a sample of wholesalers (*MITI*, 1989a: p.30). More respondents provided consulting, advisory and information services than the

FIGURE 3.3



Source: 1988 survey of 185 wholesalers in MITI (1989a: p.30).



expected physical distribution and transport traditionally associated with their business. Just under a third of the sample provided consulting, with 17% providing store design and retail development services.

The close, long term personal ties and financial connections between wholesalers and retailers mean that retailers find it natural to seek advice from their suppliers. On this basis, it is understandable that wholesalers will enter this type of business, but the figures do not reveal whether retailers are now expected to pay for advice that they would have received free in the past, whether wholesalers are operating as business consultants on a more open basis, or whether 'business consultancy' refers to the same, personal advice that has always been given in Japanese distribution.

It has been noted, however, that compared to the situation in the United States, the retail support business in Japan is still in its infancy in terms of the level of professional advice and consultancy available (*Uno et al.*, 1988: p.266). It is supplied more as a matter of course within the business relationship. Wholesalers expect to be consulted as much as retailers expect the freedom to seek help and advice on various matters. The main area of support is the supply of information, especially on new products, alternative business areas, business rationalisation and competing stores.

The information available to retailers arises from wholesalers and manufacturers in a number of forms. Many commercial publications are available from wholesalers and manufacturers which provide quite detailed market information. Some are purely photocopied circulars, while others are very professionally produced, for example Japan Lever's Annual Summary of the Toiletry Market, the The Japan Commercial Newspaper (*Nihon Shōgyō Shinbun* [日本商業新聞]), and the Japan Apparel Newspaper (*Nihon Fukusō Shinbun* [日本服装新聞]) (*Shinozuka*, 1989).

According to *Chūshō Kigyō Chō* (1989: pp.32-33), a third of all Japanese wholesalers provide some kind of support to their retail and wholesale customers. In addition, over a quarter provide support to their suppliers. Again the main

area is the supply of information to retail and wholesale clients, an activity undertaken by 86% of wholesalers. Other services include financial support (13.1%), the provision of personnel (7.1%), and business consultancy (18.1%).

By exchanging information, wholesalers (and manufacturers) are able to improve future development of products and services. Traditionally, information on the success of products has been fed back from retailers to wholesalers and manufacturers on the basis of strong personal ties within the channel. Recently, larger retailers have begun to exploit this information source for themselves, restricting access to information for members higher up the distribution channel. Such cases, however, remain limited to the largest superstore chains.

As personal links between channel members remain strong, wholesalers are well positioned to act as pivotal suppliers of information both up and down the channel. The free return of market information from retailers to wholesalers remains a cost of traditional services offered by the wholesalers. Even the majority of department stores continue to operate the traditional distribution channel patterns, relying on wholesalers to handle physical distribution and even marketing (see above), and providing market information in return for full cooperation.

### 3.7.5 DEVELOPMENT OF INFORMATION SYSTEMS

The importance of information flow in the distribution channel has led to a rapid implementation of various forms of information technology in the industry. As of June 1987, 45.1% of all computers in Japan were employed in the commercial trades - ie. predominantly wholesaling and retailing (MITI, 1989a: p. 44). The proportion of wholesalers employing either Point of Sale (POS) systems or Electronic Ordering Systems (EOS) was around 20%, with a further 15% planning to install these systems in the near future. In addition to these specialised systems, 89.3% of large consumer goods wholesalers, and 50.9% of medium and small businesses of the same type, employed computers in other forms.



Two points, both already mentioned, have made the introduction and use of information technology an important development in Japanese distribution. First, there is the traditional role of the distribution system as a conductor of information. Faster, more efficient mechanisms for the collection, reduction and transfer of data are desirable and welcomed. Secondly, moves to more fragmented, small unit, frequent deliveries of goods requires considerable organisation to work efficiently. Fast, accurate ordering systems and efficient inventory control at both the wholesale and retail levels can be best achieved through computerisation (*Kanemura, 1989*).

By collecting and processing market information themselves, wholesalers can gain in two ways. Large manufacturers in several sectors rely on this information rather than conduct their own market research. The reason for this is the strategy of frequent model changes employed in a number of product sectors. When a new version is introduced every few months, detailed market research is less efficient than deriving improvements and alterations from information supplied by channel members.

On the other hand, the majority of manufacturers and producers are only small or medium businesses. The marketing of many consumer products will be left to the wholesaler. In this case, wholesalers are able to apply market information to their own purposes.

Finally, efficient data processing allows wholesalers to better control traditional risk burdens involved in their business. By knowing and understanding the state of the retail markets they supply, they are better able to plan for inventory storage and credit facilities provided for other channel members. Better information use helps to reduce risk (*Uno et al., 1988: pp.258-62*).

### 3.8 SUMMARY OF JAPANESE WHOLESALING

Japanese wholesaling maintains an important role in Japanese distribution.

The role of many wholesalers is defined by traditional ties, expectations and business practices, but their function also continues to survive because of the overall structure of the Japanese manufacturing and retail industries.

This chapter has considered the different forms of wholesale business in Japan, and discussed some of their traditional roles. Recent moves towards greater efficiency in Japanese distribution have led manufacturers and large retailers to demand improved ordering and supply systems in order to reduce costs (Asano, 1989; Kishi, 1989). Consequently, some of the traditional, supportive services that were based on human relations are beginning to be replaced by objective economic decisions.

Power over distribution channels lies with the largest companies, most commonly the manufacturers. Recent changes have seen the growth of large retail groups who have succeeded in reversing this power flow, at the cost of both manufacturers and wholesalers. Wholesalers, finding themselves in the middle of this power shift, are being forced to alter and improve their businesses in order to survive.

The generally fragmented nature of both Japanese manufacturing and retailing means that the role of wholesalers is still tenable. In addition, many larger companies at the poles of the distribution channel prefer to employ the existing functions of wholesalers rather than to expand vertically along the distribution channels themselves. This allows the burden of risk to be spread across a larger number of businesses. Wholesalers are considered a necessity in many cases in order to secure introductions, often on a personal basis, to companies and geographical areas where even larger suppliers or buyers do not have past experience.

In addition, while the wholesale industry does not effect Japanese consumer behaviour in a direct way, the strong influence held over the retail function means that the indirect effects are important. With a proper realisation of the continuing importance of wholesaling in Japan, the retail environment can be better understood.



### NOTES TO CHAPTER 3

- (1) The statistics presented in figure 3.2 include wholesale mark-ups and are the output turnover from each wholesale stage.
- (2) Original Japanese: 「“一次卸（直・元卸）”とは、商品を生産者又は国外から直接仕入れ、（ア）産業用使用者、小売業者又は国外へ販売するもの（直卸）、（イ）卸売業者へ販売するもの（元卸）をいいます」（*Chūshō Kigyō Chō*, 1989: p.2)
- (3) Original Japanese: 「“二次卸（中間卸）”とは、商品を卸売業者から仕入れ、次の段階の卸売業者に販売するものをいいます」（*Chūshō Kigyō Chō*, 1989: p.2)
- (4) Original Japanese: 「“三次卸（最終卸）”とは、商品を卸売業者から仕入れ、小売業者、産業用使用者又は国外へ販売するものをいいます」（*Chūshō Kigyō Chō*, 1989: p.2)
- (5) Creighton (1988) provides some amusing examples of goods returned to Keio Department Store in Tokyo. These include returned engagement and wedding rings after marriages were broken off; and return of a puppy because it was too noisy - the returnee demanding that the store should pay for the puppy's keep for the period since it was purchased.
- (6) These interviews were carried out in Aichi Prefecture with small apparel retailers and a medium sized wholesaler of toiletries. The interviews were carried out on an opportunity basis, and were not related to the main survey research.
- (7) Presumably, this is an average figure for a number of product categories, but the published source does not make it clear.
- (8) Original Japanese: 「独自商品を持ち、競争力を強めるため」  
(MITI, 1989a: p.32)
- (9) Original Japanese: 「販路の確保・強化のため」 (MITI, 1989a: p.35)
- (10) Original Japanese: 「将来性のある有望事業分野なので」 (MITI, 1989a: p.35)

## CHAPTER 4

### THE STRUCTURE OF MODERN JAPANESE RETAILING

#### 4.1 INTRODUCTION

Japanese shops are bright, clean, surprisingly varied in size, shape and operation, and rarely boring. Relative to other nations, Japanese consumers are burdened with high prices, but the range of merchandise available to them, and the forms in which it is sold appear to present greater choice, in terms of both volume and variety.

Over the past 30 years, British and American distribution has become concentrated into the hands of large corporations (Grant, 1987; Knee and Walters, 1985: pp.110-115; Larke, 1989b; McGoldrick, 1984; Takahashi, 1989). The same process has begun to occur in Japanese retailing, but the latter remains fragmented. In Japan, stimulus for the growth of large retailing comes not from financial institutions as much as from the major retail families of Nakauchi (Daiei), Ito (Ito-Yokado), and Tsutsumi (Seibu). The proportion of retail companies quoted on the Tokyo Stock Exchange is relatively low, but growing steadily (Dawson and Larke, 1989).

As explained in chapter 2, the current situation in Japanese retailing is largely due to long term and 'careful' (Tajima, 1989) government intervention. As a consequence, the Japanese retail environment includes a large proportion of very small, owner operated stores. Towards the end of the 1980s, the industry began to show signs of increasing change with a significant decline in the number of small retailers. In addition, the long-term protection afforded to the small retailer under Japanese law may soon be weakened, allowing large retailers to expand rapidly (Japan Times, 1990; *Nihon Keizai Shinbunsha*, 1990: pp.296-294; Wagstyl, 1990).

This chapter employs Japanese sources to provide an overview of Japanese



retail store types. Large retail stores are the subject of the research, but the large number of small stores in Japan have a direct effect on the overall competitive environment in retailing. In addition, it is common for large retail formats to include a number of small tenants stores. Corporate chains of speciality stores and convenience stores are the fastest growing forms of retailing in Japan. For these reasons, the importance of small retailers in Japan cannot be overlooked, even in a study directed chiefly towards large stores. These fall into two types: small independent stores and corporate chains. Both have a positive effect on the competitive situation of large stores, and are, therefore, discussed below.

The Japanese characteristic of small retailer organisation in the form of shopping streets (*shōtengai* [商店街]) is discussed along with the possible future trends in small retailing. The aim is to describe Japanese stores as seen from the point of view of the Japanese consumer, while adding information that is often not available except from Japanese sources. The competitive interaction between small and large retailers and the possible effect on consumer perceptions is discussed in chapter 6.

It should be noted that the split between urban (*tokai* [都会]) and rural (*inaka* [田舎]) areas is made clearly in Japan. To the Japanese, real *tokai* areas are far fewer than simply the designated administrative cities (*shi* [市]). Real *tokai* has a particular atmosphere and a particular size. In the opinion of many Japanese there are only two urban areas in Japan: Tokyo, with a population of some 8.3 million, and Osaka with about 2.6 million. Some, more generous individuals may go as far as including the 2.9 million city of Yokohama and the 1.4 million city of Kobe, which are simply extensions of the Tokyo and Osaka conurbations respectively. Together the two metropolitan areas in which these four cities are situated account for over a third of the total Japanese population.

There are several other cities with a population of over one million, but many Japanese would omit any of these from their definitions of real *tokai*.

Sapporo (1.6 million), Sendai (1 million), Hiroshima (1 million), Fukuoka (1.1 million), and even Kyoto (2.1 million) and Nagoya (2.3 million) are often colloquially described by people other than their inhabitants as *inaka* (rural/provincial). *Tokai* is the height of cosmopolitanism. In the case of Nagoya, the city is rather insular, and has a reputation as a maverick region. Kyoto is old, with many wooden buildings and thousands of ancient shrines and temples. Technically, both of these cities are urban areas, as shown by the number of people, cars and buildings, but still Tokyo-ites will occasionally joke that they are '*inaka*'.

The degree of sophistication and cosmopolitanism in a Japanese city, is strongly reflected through the retail environment, and subsequently in its consumers. In the empirical study described below, all four subject cities were prefectural seats, but only two are major urban areas. There are over 200 cities in Japan with populations of 100,000 or more, and 21 cities of over 500,000 (*Somuchō*, 1988:pp.11-3). The difference between the retail environments of cities of 100,000 and 1 million are considerable. As described above, large store developments in regional cities were curtailed in 1982, because of the power that some major retailers could already command through a single outlet (*Kuraya*, 1981; Saeki, 1982; Seiki, 1983). The size and nature of retailing can be a key factor in defining the atmosphere in a city. The retail stores may be partly what makes Nagoya 'rural' and Tokyo 'urban'.

This difference between cities of varying sizes, and particularly the extreme cases of the Tokyo and Osaka conurbations, needs to be born in mind when considering the various types of stores that are available to the Japanese consumer. There are department stores in both Tokyo and Mito, but they can only be defined as similar in their basic operation. In the eyes of the shopper, ie. the user of the stores, there are marked differences. On the other hand, Japanese retailing is composed predominantly of small, independent retailers. This form of retailing can be seen even in Tokyo, but one must know where to find representative examples.



The following discussion provides an overview of Japanese retailing. It is necessary to remember, however, that a general view can often be misleading and needs to be qualified in terms of local conditions. This will become clearer as the research survey is discussed in the following chapters.

## 4.2 RETAILING IN JAPAN: SCALE AND STRUCTURE

### 4.2.1 STATISTICAL OVERVIEW OF JAPANESE RETAILING

Tables 4.1 to 4.5 provide a statistical summary of Japanese retailing. The striking feature of Japanese retailing is the large number of outlets: 1.6 million retail outlets operated by 1.3 million businesses (see table 4.1). Considering the population and land area of Japan, this figure is even more remarkable. Japan has only slightly fewer retail stores than the United States although it has only half the population and one twenty-fifth the land area (MITI, 1989a). In Japan, each retail store serves an average of 75 people, compared with 163 in the United Kingdom and 153 in the United States (JCCI, 1989: p.6). While the Japanese figure is presently low, there was a gradual increase during the 1980s, rising from only 69 people per store in 1979 (MITI, 1989a: p.77). Using figures from table 4.1 and table 3.1 (see chapter 3) the ratio of retail outlets to wholesalers can be calculated as 3.7 in 1988. This is a similar figure to that found in many Western nations. Overall retail sales in Japan in 1988 reached ¥114 trillion (table 4.1), representing per capita sales of around ¥930,000.

Table 4.2 illustrates the structure of Japanese retailing by product sector. The table shows that the 1.6 million retail stores quoted above include 90,000 outlets dealing in motor vehicles, and 73,500 outlets selling fuel and gasoline. The latter stores are not only filling stations. Many Japanese homes rely on parafin and similar oil heaters in winter, and the majority are supplied by small, local fuel dealers who deliver regularly to customers' doors.

TABLE 4.1

JAPANESE RETAILING: BUSINESSES, OUTLETS, EMPLOYEES AND TURNOVER 1982-1988

	1979		1982		1985		1988 <sup>(1)</sup>	
	Figure	%	Figure	% Δ	Figure	%	Figure	% Δ
1. Businesses	—	—	—	—	1,431,751	82.4	1,380,271	81.4 ▽3.6
2. Outlets	1,673,667	82.0	1,721,465	80.1 2.9	1,628,644	79.8	1,607,401	78.7 ▽1.3
3. Employees	5,960,432	61.9	6,369,426	60.9 6.9	6,328,614	61.3	6,794,972	61.2 7.4
4. Turnover <sup>(2)</sup>	73,564,400	21.1	93,971,191	19.1 27.7	101,718,812	19.2	113,926,597	20.3 12.0

N.B.: All figures include filling stations, fuel retailers and automobile dealers.

Notes: <sup>(1)</sup> = 1988 figures adjusted to compare with previous years

<sup>(2)</sup> = in million yen

▽ = negative growth

%Δ = percentage change on previous survey

Source: Adapted from MITI (1989b).



TABLE 4.2

## JAPANESE DISTRIBUTION: RETAIL OUTLETS BY TYPE OF BUSINESS 1979 TO 1988

	1979			1982			1985			1988 <sup>(1)</sup>		
	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ
General Merchandise	3,631	0.2	2.1	4,219	0.2	16.2	3,531	0.2	▽16.3	3,843	0.2	8.8
Department Stores	1,986		28.4	1,754		▽11.7	1,827		4.2	1,911		4.6
Other	1,645		▽18.2	2,465		49.8	1,704		▽30.9	1,932		13.4
Clothing and Apparel Goods	236,904	14.2	4.2	242,866	14.1	2.5	229,606	14.1	▽5.5	234,527	14.6	2.1
Japanese clothing	58,761		2.4	59,662		1.5	54,234		▽9.1	50,322		▽7.2
Mens apparel	42,829		▽3.5	40,984		▽4.3	35,929		▽12.3	35,026		▽2.5
Womens and Childrens' Apparel	57,782		26.9	66,502		15.1	70,814		6.5	83,468		17.9
Footwear and hosiery	32,887		▽4.7	30,712		▽6.6	27,649		▽9.9	25,333		▽8.4
Other	44,645		▽1.9	45,004		0.8	40,980		▽8.9	40,378		▽1.5
Food and Beverages	734,750	43.9	0.3	725,585	42.1	▽1.2	671,190	41.2	▽7.5	650,110	40.4	▽3.1
General Foods	96,437		3.0	90,604		▽6.0	92,602		2.2	77,468		▽16.3
Beverage and Seasonings	107,277		0.8	109,621		2.2	106,693		▽2.7	107,665		▽0.9
Meat and Poultry	43,874		0.0	41,371		▽5.7	36,171		▽12.6	32,936		▽8.9
Fresh Fish	56,574		▽2.6	53,133		▽6.1	46,638		▽12.2	43,890		▽5.9
Cured Food	13,196		▽10.9	11,850		▽10.2	9,419		▽20.5	9,128		▽3.1
Vegetable and Fruit	61,727		▽6.7	58,785		▽4.8	50,871		▽13.5	49,863		▽1.9
Confectionary and Bakery	179,675		▽2.7	175,941		▽2.1	150,416		▽14.5	139,794		▽7.1
Rice, Barley and other Cereals	42,443		1.4	42,467		0.1	41,167		▽3.1	40,435		▽1.8
Other	133,547		8.2	141,813		6.2	137,213		▽3.2	148,940		8.5
Motor Vehicles, Bicycles, Carts	73,961	4.4	10.4	84,988	4.9	14.9	83,931	5.2	▽1.2	89,292	5.5	6.4
Motor Vehicles	38,287		22.4	47,652		24.4	47,686		0.1	53,491		12.2
Bicycles and Motorcycles	35,674		▽0.1	37,336		4.7	36,245		▽2.9	35,801		▽1.2

Continued/

TABLE 4.2 continued/.

	1979	1982	1985	1988 <sup>(1)</sup>
	OUTLETS	OUTLETS	OUTLETS	OUTLETS
	%	%	%	%
	%Δ	%Δ	%Δ	%Δ
Furniture Fixture Household Utensils	183,201	189,404	172,686	164,833
Furniture, Fixtures, Tatami	61,008	62,527	55,183	51,602
Hardware and Kitchenware	36,199	36,038	32,373	29,902
China and Glassware	9,814	10,259	8,970	8,782
Household Appliances	74,386	78,943	74,386	72,958
Other	1,453	1,637	1,774	1,589
	10.9	11.0	10.6	10.3
	4.5	3.4	▽ 8.8	▽ 4.5
Other Retailers	441,220	474,405	467,700	464,796
Drug and Toileteries	75,462	82,855	85,181	86,342
Farm and Garden Supplies	21,107	22,367	21,428	21,156
Fuel and Gasoline	70,668	75,045	74,470	73,540
Books and Stationary	72,501	78,427	78,186	76,903
Sports goods, Toys, Musical	43,808	46,708	43,138	41,801
Camera and Photographic	15,202	18,657	18,625	15,781
Watches and Optical Goods	25,513	24,641	22,622	21,835
Secondhand stores	4,958	5,158	5,014	5,903
Other	112,001	120,547	119,036	121,535
	26.4	27.6	28.7	29.0
	8.1	7.5	▽ 1.4	▽ 0.0
	9.1	9.8	2.8	1.4
	5.5	5.9	▽ 4.2	▽ 1.3
	3.3	6.2	▽ 0.1	▽ 1.2
	7.7	8.2	▽ 0.0	▽ 1.6
	15.3	6.6	▽ 7.6	▽ 3.1
	11.5	22.7	▽ 0.0	▽ 15.3
	1.4	▽ 3.4	▽ 8.2	▽ 3.5
	3.0	4.0	▽ 2.8	17.7
	10.4	7.6	▽ 1.3	2.1
TOTALS	1,673,667	1,721,465	1,628,644	1,607,401
	100.0	100.0	100.0	100.0
	3.7	2.9	▽ 5.4	▽ 1.3

Notes: ▽ = negative growth

<sup>(1)</sup> = 1988 figures adjusted to compare with previous years



As table 4.2 shows, over 40% of all outlets are food retailers, with 8% of outlets dealing in fresh food (meat 2.0%, fish 2.7%, fresh vegetables 3.1%). This is a far higher proportion than found in most Western nations (MITI, 1989a: p.69). Two factors account for this. First, Japanese have traditionally consumed a large volume of fresh foods. Lack of storage space in Japanese homes leads many Japanese housewives to rely on specialist neighbourhood retailers, and to shop regularly, usually daily (see chapter 6). The great majority of Japanese stores are small, independent outlets operating as unincorporated businesses. Overall, 31% of Japanese retail companies are incorporated, and these account for 78% of sales.

Traditionally, fresh food retailers are small, local stores. Collectively these neighbourhood stores provide a wide variety of products. In the 1980s, however, very small retailers began to decline in number. Food retailers alone have shown a constant decline in numbers since before 1985 (table 4.2). Increasing competition from corporate chains is a major reason for this in the food sector, but it is part of a much wider and more profound trend.

The retail industry as a whole employs 11% of the Japanese full-time labour force, the largest single sector (MITI, 1989a: p.118), but, as table 4.3 demonstrates, the majority of retail outlets employ very few full-time employees. Of the total 1.6 million stores in Japan, over 50% employ fewer than three people full-time, and 90% fewer than ten. This illustrates the predominance of small, family businesses. Many of these are run as part of family homes.

Table 4.4 further illustrates the very small scale of most Japanese shops. In terms of size, 90% of stores have less than 100 sq.m. of sales floor space, and only 1.1% of stores have a sales floor in excess of 500 sq.m.. Stores of less than 100 sq.m. account for more than 41% of Japanese retail sales floor space. It can be noted, however, that stores in excess of 3,000 sq.m. account for 16%, a fairly large proportion, and one which is growing. A quarter of sales space is accounted for by stores over 500 sq.m..

TABLE 4.3

## JAPANESE RETAILING: OUTLETS BY NUMBER OF PEOPLE EMPLOYED 1979 - 1988

FULL-TIME EMPLOYEES	1979			1982			1985			1988 <sup>(1)</sup>		
	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ	OUTLETS	%	%Δ
1 - 2 people	1,022,103	61.1	2.2	1,036,046	60.2	1.4	940,023	57.7	▽43.5	874,377	53.9	▽7.0
3 - 4 people	401,188	24.0	5.0	412,701	24.0	2.9	408,178	25.1	▽19.6	422,067	26.1	3.4
5 - 9 people	175,951	10.9	6.1	187,898	10.9	6.8	190,434	11.7	▽ 1.5	213,046	13.2	11.9
10 - 19 people	47,591	2.8	9.1	54,156	3.1	13.8	57,911	3.6	▽ 1.0	70,394	4.3	21.6
20 - 29 people	12,943	0.8	16.5	14,776	0.9	14.2	15,340	0.9	▽22.5	19,186	1.2	25.1
30 - 49 people	8,188	0.5	20.3	9,494	0.6	16.0	10,035	0.6	▽ 7.3	12,250	0.8	22.1
50 - 99 people	4,021	0.2	22.5	4,519	0.3	12.4	4,764	0.3	2.1	5,362	0.3	12.6
100 people or more	1,682	0.1	6.5	1,875	0.1	11.5	1,959	0.1	5.1	2,070	0.1	5.7
Total	1,673,667	100.0	3.7	1,721,465	100.0	2.9	1,628,644	100.0	▽16.3	1,619,752	100.0	▽0.5

N.B.: All figures include filling stations, fuel retailers and automobile dealers.

Note: <sup>(1)</sup> = 1988 figures adjusted to compare with previous years

▽ = negative growth

%Δ = percentage change on previous survey

Source: Adapted from MITI (1989b).



Table 4.4

JAPANESE RETAILING: STORE NUMBERS AND SALES SPACE BY SIZE OF STORE

SALES FLOOR SPACE IN STORE	1 9 8 5				1 9 8 8 <sup>(1)</sup>			
	STORES	%	STORES	%	SALES SPACE (m <sup>2</sup> )	%	SALES SPACE (m <sup>2</sup> )	%
Less than 10 m <sup>2</sup> (sq.m)	85,318	5.8	83,510	5.8	521,558	0.6	499,261	0.5
10- 19.99 m <sup>2</sup>	308,018	21.1	280,761	19.6	4,350,472	4.6	3,920,077	3.8
20- 29.99 m <sup>2</sup>	287,169	19.7	267,077	18.7	6,708,994	7.1	6,191,640	6.1
30- 49.99 m <sup>2</sup>	376,850	25.8	367,266	25.7	13,792,516	14.6	13,350,448	13.1
50- 99.99 m <sup>2</sup>	263,107	18.0	271,227	18.9	17,335,184	18.3	18,190,545	17.8
100- 199.99 m <sup>2</sup>	88,866	6.1	96,260	6.7	11,549,416	12.2	12,974,538	12.7
200- 499.99 m <sup>2</sup>	36,350	2.5	48,423	3.4	11,016,344	11.7	15,437,046	15.1
500- 999.99 m <sup>2</sup>	8,161	0.6	8,408	0.6	5,721,793	6.1	5,951,040	5.8
1000-1499.99 m <sup>2</sup>	3,400	0.2	3,888	0.3	4,270,808	4.5	4,903,045	4.8
1500-2999.99 m <sup>2</sup>	1,910	0.1	2,047	0.1	4,019,110	4.3	4,281,299	4.2
Over 3000 m <sup>2</sup>	1,980	0.1	2,107	0.1	15,200,788	16.1	16,351,827	16.0
(Not Available)	167,515	---	188,778	---	---	---	---	---
	1,628,644	100.0	1,619,752	100.0	94,486,983	100.0	102,050,766	100.0
								8.0

N.B.: All figures include filling stations, fuel retailers and automobile dealers.

Note: <sup>(1)</sup> = 1988 figures adjusted to compare with previous years

▽ = negative growth

%Δ = percentage change on previous survey

Source: Adapted from MITI (1989b).

#### 4.2.2 THE DECLINE IN THE NUMBER OF SMALL STORES

Both tables 4.3 and 4.4 show a trend towards larger stores, with small outlets declining. The decrease began only in the mid-1980s, with store numbers in most categories continuing to grow up until the 1985 Census of Commerce. The decline is particularly pronounced for the very smallest stores. Stores employing only one or two people full-time showed a net decline of 96,000 stores in three years to 1985, with a further 66,000 net decrease between 1985 and 1988. As an illustration, this represents a fall of around half the total number of stores in the United Kingdom in a period of six years.

On the other hand, medium sized outlets employing between ten and fifty full-time employees increased in number in the latter half of the 1980s. The results of the 1988 Census showed that, except for stores employing only one or two people, numbers of stores in each category had recovered. Only very small outlets are in real decline, as confirmed by table 4.4. Up to 1988 there was a net fall in the number of outlets in all categories with below 50 sq.m. sales floor space. Overall, these stores showed a net decline of 59,000 outlets in the three years up to 1988. Again, all other categories of store size showed marked net growth, especially stores with sales floor space just below 500 sq.m. and 1,500 sq.m.. These categories showed a net growth of 33% and 14% respectively, and are notable as the legal limits set by the Large Store Law (chapter 2).

To further illustrate this trend, table 4.5 was constructed to compare changes in numbers of stores by both number of employees and sales floor area. As most cells in the table represent only a tiny proportion of the total number of stores in Japan, those showing 500 stores or more are emphasised for consideration. In the period 1985 to 1988, stores employing only one or two people showed a small percentage net decline for most sizes of store. There were also net falls in the number of stores between 500 and 1,000 sq.m. floor space and employing between 10 and 30 people. Presumably, Japanese retailers have found





certain operational disadvantages with this combination of store size and number of full-time employees. Stores of smaller floor space, but employing this number of people all grew strongly in number in the same period.

Conversely, marked growth can be seen in the 200 to 500 sq.m. category, even for stores employing only one or two full-time employees. In this latter category, the number of stores actually increased by 410%, a net rise of 3,604 outlets. Stores with 1,000 to 1,500 sq.m. sales floor space also grew strongly. This is a result of the expansion of medium sized chains and the movement of large corporate groups to open stores in small and medium formats. Many of these new outlets are franchises, with the franchisees being the full-time employees.

In summary, very small stores employing only one or two people appear to be declining rapidly in Japan. Stores in most other categories continue to grow in number, with the significant growth appearing in three areas: stores employing only one to four people with a sales floor space of 200 to 500 sq.m.; stores employing between ten and fifty people and with sales floor space below 500 sq.m.; and stores with sales floor space between 1,000 and 1,500 sq.m. employing 10 to 20 people.

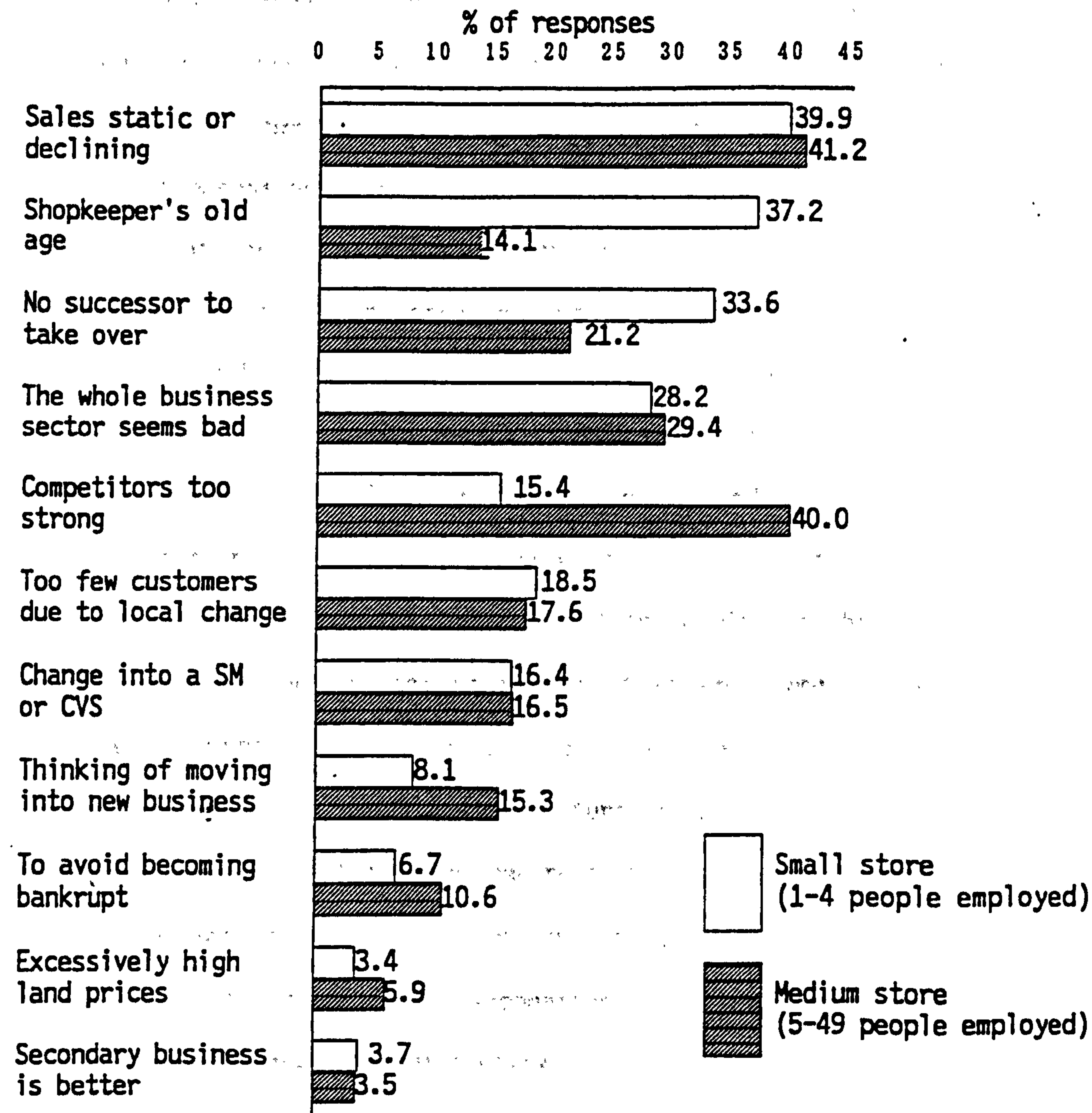
Reasons for the rapid decline of the very small Japanese retailers are not confined to retail competition. A survey published in the 1988 Medium and Small Businesses White Paper (given in MITI, 1989a: p.75) suggests a number of other reasons (see figure 4.1). The survey considered two samples of existing retailers; one sample of small stores employing less than five people, and the other medium sized stores employing between five and forty-nine people. They were asked the most likely reason that would cause them to cease trading or switch to an alternative business.

The largest proportion of responses, 39.9% and 41.2% for the small and medium store samples respectively, were worried about static or declining sales. Other than this, the two samples produced notably different results. Small retailers cited the owner's old age (37.2%) and, related to this, the lack of a willing successor to take over the business (33.6%) as major factors that may



FIGURE 4.1

POTENTIAL REASONS FOR SMALL AND MEDIUM RETAIL CLOSURES



NOTE: SM - supermarket, CVS - convenience store

Source: Survey of existing retailers reasons for considering closure or retirement, published in *Chūshō Kigyō Hakusho* (1988), and reproduced in *MITI* (1989a: p.75).

end their business. On the whole, economic factors such as competitors, looming bankruptcy and high land prices were of far less concern to small retailers.

The sample of medium sized retailers, however, cited the strength of competitors as the second largest threat to the continuation of their business. They were more concerned with economic factors than were the small retailers, but significant proportions did note that old age (14.1%) and no successor (21%) could become problems.

Among the secondary reasons given by both samples, the rise of chains of convenience stores and supermarkets was also noted, along with a decline in numbers of local customers. Competition from corporate chains draws customers away from local stores. Many of the new small stores revealed in table 4.5 represent existing small stores that have entered one of the new franchise chains of convenience stores, mini-supermarkets or apparel boutiques. With the addition of one or two new full-time staff to supplement the owners, the outlet moves up one or two categories in the store employment statistics. These corporately supported chains are able to offer a range and standard of merchandise with which the independent store cannot compete.

On the other hand, there are some rural and semi-rural areas where the large chains have yet to penetrate. Even in such areas, where there is little new competition, small stores are disappearing due to retirement or the poor state of the local economy. This may signify true regional decline or even changes in consumer shopping preferences (*Hatakeyama*, 1989; *Okumura*, 1989; *Shōgyōkai*, 1989c; *Takayama*, 1989).

#### 4.3 SMALL UNIT RETAILING IN JAPAN

In terms of number of stores, Japanese retailing is dominated by small outlets. Compared to the West, small, independent retailers also maintain a high proportion of retail sales. Recent decline in numbers appears to point to coming changes for small independent stores, but, at the same time, there is



growth in corporate chains of small format speciality stores and convenience stores.

The empirical work presented later in the thesis is concerned with the perceptions of large retail stores by Japanese consumers. It can be argued, however, that the large number of small retailers in Japan form the competitive background in which large stores must compete. It has already been mentioned that price competition is not common in Japan (chapter 2), with service level and merchandise variety receiving greater emphasis. Collectively, small retailers are able to compete with large corporations in terms of merchandise variety, and at the individual store level they provide a specialised personal service which many large stores attempt to match. In the same way that personal relationships are important in business, the personal relationship between neighbourhood retailers and local customers is important in Japan (Larke, 1988). New corporate chains attempt to build the same kind of customer-store relationships at the individual store level.

Table 4.6 presents general statistics by retail store type. The predominance of small independent and speciality retail stores can be seen very clearly. Small retailers account for over 93% of all retailers and 70% of sales. Large retailers are represented mainly by large department stores and large superstores. These stores account for only 0.1% of all store numbers, but control 13% of sales. These various formats are considered in the following discussion, but the importance of small retail stores in Japan is clear from the table.

Two aspects are considered here. First, the situation of small independent stores is discussed. Secondly, the relatively new development of corporate chains of speciality and convenience stores is considered.

#### 4.3.1 SMALL INDEPENDENT RETAILERS IN JAPAN

Small stores in Japan are similar to small stores in any country. Given a

TABLE 4.6

## TYPES OF RETAIL STORES BY NUMBER AND TURNOVER 1982 TO 1985

TYPE OF STORE	STORE NUMBERS		%Δ	% of Total	ANNUAL SALES (¥ bn.)		%Δ	% of Total
	1982	1985			1982	1985		
DEPARTMENT STORES								
Large stores	461	438	▽ 5.0	0.03	7,341	7,797	6.4	7.6
Others	416	403	▽ 3.1	-	7,208	7,696	6.8	-
	45	35	▽ 22.2	-	106	83	▽ 21.3	-
GENERAL SUPERSTORES								
Large stores	1,293	1,389	7.4	0.09	5,176	5,914	14.3	5.8
Medium stores	1,063	1,198	12.7	-	4,712	5,537	17.5	-
others	230	191	▽ 17.0	-	463	377	▽ 18.7	-
	214	245	14.5	-	475	565	19.2	-
SPECIALITY SUPERSTORES								
Apparel Superstores	5,495	5,873	6.9	0.36	4,985	5,772	15.8	5.7
Food Superstores	606	520	▽ 14.2	-	455	461	1.5	-
Household Superstores	4,358	4,707	8.0	-	4,120	4,788	16.2	-
	531	646	21.7	-	410	522	27.3	-
CONVENIENCE STORES	23,235	29,236	25.8	1.79	2,177	3,382	55.3	3.3
OTHER SUPERSTORES	58,777	59,643	1.5	3.66	6,131	7,411	20.9	7.3
SPECIALITY STORES	1,093,601	1,004,883	▽ 8.1	61.70	15,996	46,593	1.7	45.8
OTHER RETAILERS								
General	536,934	524,885	▽ 2.2	32.23	21,951	24,416	11.2	24.0
Apparel	2,117	1,416	▽ 33.1	-	107	101	▽ 5.9	-
Foods	76,708	74,232	▽ 3.2	-	3,778	3,935	4.2	-
Household	282,385	271,593	▽ 3.8	-	8,107	8,742	7.8	-
	175,754	177,644	1.1	-	9,978	11,637	16.6	-
OTHER RETAILERS	1,455	2,052	41.0	0.13	191	191	▽ 0.3	0.2
TOTAL	1,721,465	1,628,644	▽ 5.4	100.00	93,971	101,719	8.2	100.0

Note: ▽ = negative growth.  
Source: MITI (1989a:., p.21).



building suitable for retailing, opening a small shop is a relatively easy way to enter business, and the majority of small shopkeepers live behind or above their stores. Many traditional craft shops exist, manufacturing and selling Tatami mats, combs, wooden utensils, *tōfu*, rice cakes and so on.

The key characteristic of Japanese small stores is their continuing survival in large numbers. Referring back to table 4.6, it can be seen that there are over 1 million small retailers in Japan. With the gradual increase in numbers of large superstores and supermarkets the survival of many small stores is increasingly tenuous. Only in isolated regions or in a protected environment can small stores operate without some element of specialisation or differentiation. Where large superstores and supermarkets have opened, small local retailers have had to alter their merchandise lines, extend their business hours, or in some way provide a specialised and competitive service. This is easier in smaller urban areas because of the demand for agricultural goods or traditional local products which remain the province of the small store, because they are uneconomic for large stores to source and stock.

In major urban areas, small stores no longer play their traditional role as retailers of basic goods where the local housewives do their daily shopping. Today some of these small retailers continue to survive as green grocers, fruitiers, fish mongers and butchers, but not without the protection and encouragement either of local group organisation or local authority restrictions on large competitors. Even where protection is available, few traditional stores can do more than make a basic living. Some provide delivery services, supply local restaurants with fresh produce on a daily basis, or simply provide friendly, personal service and make the most of their convenient locations.

As described in chapter 2, the small retail lobby is a major reason for the continuing existence of the Large Store Law. With 160,000 small stores disappearing since 1985, however, the Law alone no longer protects the small retailer. It only remains effective when small retailer lobbies are able to nullify applications for new large stores. This political lobby rises from the

effective organisation small stores which takes two forms.

#### A. THE *KEIRETSU* [系列] SYSTEM

A number of Japanese manufacturers maintain their own chains of contracted small stores, in a *keiretsu* (corporate grouping) system. By becoming a member of a *keiretsu* chain the store pledges to sell the goods of a particular manufacturer exclusively or as a large proportion of their stock. In return, these stores are supplied with full marketing support through the manufacturer's dedicated wholesalers and suppliers. This support includes regular supply of new models and products, temporary assistants from the manufacturer or wholesaler, display material, and full shop fronts. *Keiretsu* stores also receive special rebates and sales bonuses. Store owners are occasionally supplied with a guaranteed monthly income.

In effect these stores become brand shops. The largest retail *keiretsu* are in the electrical, cosmetics and automobile sectors, with major chains being operated by Matsushita, Toshiba, Hitachi, Shiseido, Kao, Toyota, and Nissan.

On the other hand, such retailers are expected to conform strictly to the manufacturer's prices and marketing guidelines. They are allowed to pass on some of their preferential discounts to favoured customers, usually for long term or large purchases (Larke, 1988), but otherwise *keiretsu* chains are generally used as a method of distribution control. Although they are defended as a 'Japanese' form of a vertical marketing system (Ejiri, 1988: pp.70-79), the opportunity to indulge in anti-competitive practice has been well noted (Czinkota and Woronoff, 1985; Imai, 1980; Kawade, 1980; Nishimura, 1986). Hitachi no longer refer to their store chain as a '*keiretsu*' and there has been some doubt voiced over legality of practices used by the Matsushita *keiretsu* (Fujigane and Ennis, 1990). These examples demonstrate a growing unease over the use of this method of distribution.

While providing a relatively easy way for small retailers to compete with



larger competitors, this option only exists for a fairly narrow number of merchandise types. In addition, as the sales power of the larger retail groups continues to expand, and their chains cover an ever increasing area of Japan, manufacturers gain few advantages from selling a large proportion of their products in their own chains. Maintaining stocks in large chains of small stores is an expensive method of distribution, and is becoming increasingly unpopular. There have been reports of some *keiretsu* chains being significantly cut back in recent years (Fujigane and Ennis, 1990; Hara et al., 1990).

#### B. SHOTENGAI [商店街]

It is common for a group of neighbourhood stores to organise themselves into street associations. These associations or *shotengai* number around 14,000 in Japan (*Nihon Keizai Shinbunsha*, 1988: p.223), and form a traditional part of the retail environment (*Akabane*, 1986).

The activities of a *shotengai* range from cooperative promotion and development of the street or area, to political lobbying at local and national level. The degree of cooperation varies greatly between one *shotengai* and another. At the very least, members may cooperate to clean the street at the New Year, but in many cases, with financial support from government and private sources, streets have been roofed and a pedestrian area has been created.

Examples of the latter kind of development can be found in the majority of cities, and these traditional shopping malls form the retail centres for many urban areas. There are major, roofed *shotengai* in Sendai, Osaka, Kyoto and Nagoya, several extending for over 2 kilometres in length. Smaller ones, with and without roofs, can be found all over Japan. The only major city where large *shotengai* are not apparent is Tokyo, although small, often unobtrusive examples are common.

Being properly organised, the *shotengai* are the focus of the small store political lobby. They have campaigned against large stores, the Consumption Tax,

and other issues seen as a threat to the small retailer. One example is their opposition to the growing power of the Cooperative movement. Being under the jurisdiction of the Ministry of Welfare rather than the Ministry of Trade and Industry, Cooperative Societies do not come under the Large Store Law. Until recently, the movement has concentrated on opening small stores, but recent changes in strategy aim for stores of 3,000-7,000 sq.m. or more (*Nikkei Ryūtsu Shinbun*, 1989c: pp.96-8). Pressure from *shōtengai* have forced the change of such plans for large Cooperative Society stores in western Tokyo and in Yokohama. In the latter case, the Cooperative Society in question was persuaded to reduce the size of the proposed store, and integrate the store into the existing *shōtengai*.

There are cases where the opposition of a *shōtengai* to large stores has proved misguided. With a change of plan, a large store can often open in a second choice site a few kilometres away. The drawing power of a new large store often means that the original, opposing *shōtengai* rapidly loses customers. On the other hand, a *shōtengai* can use its combined influence to invite large retailers to open in their area, thus attracting more customers.

There are many problems with organising a group of independent retailers (*Ishihara*, 1985). Today there is a growing polarisation between successful, flourishing streets and unsuccessful, declining ones. Nine out of ten *shōtengai* are not optimistic about their future (*Chūshō Kigyō Chō Kouri Shōgyō Ka*, 1988: p.3-4). Those which are successful are generally the better organised, larger streets that play a central role in the overall retail structure of a city. Examples include the large *shōtengai* in Sendai, Kyoto and Osaka.

With their organised structure, *shōtengai* are ideal bodies through which central government can channel funding for regional development. For this reason, some medium sized *shōtengai*, and well organised, progressive small streets have been the centre of city redevelopments. Their organisation also helps to gain support from wholesalers and other suppliers (*Kunie*, 1989).

In addition to roofing the *shōtengai* and the creation of pedestrian shopping



areas, there have been a few cases of groups of stores being moved en masse into a purpose built, high rise development building. These bear great resemblance to fashion buildings (see below). The majority are funded either by private banks seeking to develop plots of land, or by larger retail concerns who provide key tenants within a shopping centre type of operation. The small *shōtengai* retailer receives the advantages of a new store unit and various cooperative services within the building. For the developer, one of the major incentives is the opportunity to avoid opposition to the opening of a large store, because the main potential opponents become part of the development itself.

For most *shōtengai*, however, losses due to retirement and poor cooperation among members, will cause long term decline to continue.

#### 4.3.2 SPECIALITY STORES

A speciality store is a store that specialises in a limited range of merchandise, by type, brand, or both. In Japan, the most prominent are fashion apparel outlets. Other major speciality store chains deal in jewellery, electrical goods, cameras, optical goods, toys, shoes, books, sports goods, Japanese kimonos, pharmaceuticals and so on. These are defined by the limited range and the type of merchandise sold. The majority of fashion boutiques stock the brand of a single fashion designer and no more. Stores provide shopping advice to customers on very detailed aspects of the brand sold. Other speciality stores may sell more than one brand but specialise quite narrowly by type of merchandise. For example, speciality retailers of musical instruments are able to provide knowledgeable, comparative advice concerning musical instruments in general.

In Japan, most speciality store chains take central locations in main shopping areas. Prominent locations are important to suit high profile merchandise and to maintain customer flow. The cost of locating in urban

centres, along with the need to utilise space efficiently, mean that there are very few free standing, small format speciality stores in Japan. The majority locate within other buildings - notably as tenants in fashion buildings, department stores, shopping malls and supermarkets. For this reason, speciality stores are likely to be an important aspect of consumer perceptions of large stores. Frequently, specialised brands are sold through tenant stores even inside department stores and large superstores.

Table 4.6 showed that speciality stores accounted for approximately 61% of total retail sales, but this includes a majority of independent speciality stores as well as multiple chains. In the 1988 Nikkei survey of retailing, there were 47 speciality store chains in the top 200 retailers (*Nikkei Ryūtsū Shinbun*, 1989c: p.333). These accounted for 12% of total sales of the top 200 companies, and was the fastest growing sector.

The largest speciality chain in terms of store numbers and turnover was the *Miki* jewellery chain with 907 stores. Of these, 887 stores were operated directly. *Miki* had the highest overall turnover of all speciality stores in the survey. In terms of gross profit, the top chain was *Besuto Denki*, a Kyushu based electrical store. In the case of *Besuto Denki*, 72% of their 404 stores were franchises, the remainder being directly operated.

These two examples illustrate the variety in speciality retailing. Differences in their core business aside, the format and sales methods employed in *Besuto Denki* are very different to those used by *Miki*. *Miki* operates small to medium stores, with narrowly specialised merchandise, and very little price discounting. *Besuto Denki* employs larger format stores, and operates basically as a discount store for electrical goods. <sup>(1)</sup>

Boutiques epitomise speciality stores, providing a personal and expert customer service over a very narrow, clearly defined range of merchandise. The majority of Japanese boutiques are located in fashion buildings (see below), and, while no exact figures are available, it is probable that few are larger than 30 sq.m.. Within the fashion building, many boutique chains use creatively



designed interiors and false shop fronts to enhance the uniqueness of the store. Despite their small size, most employ at least three assistants at any one time. The merchandise is dedicated to a single brand of clothing.

Clothing design companies operate a number of such boutique chains, each with a different designer brand. The largest groups are Renown, World, Itokin, Bigi, Nicole, Five Fox, and Sab Atelier. The core business of each group is the design and manufacturer of apparel, but each maintains several speciality brand chains. As these chains operate as separate companies, figures for the group are difficult to obtain, but they are all key tenants for fashion buildings. Nicole, Five-Fox and Bigi all account for between 200 and 400 directly operated and franchised stores (*Kojima*, 1985: pp.43-123), although the type of clothing for which these companies are famous is no longer fashionable in the 1990s (*Fasshon Hambai*, 1989; *Sakaguchi*, 1989a; *Sakaguchi*, 1989b).

The largest single chain of apparel stores is the *Suzutan* chain. *Suzutan* is based in Aichi Prefecture, and had 395 womens' clothing outlets throughout Japan in 1988. Again, the majority of these stores are tenants in larger retail buildings (*Nikkei Ryutsu Shinbun*, 1989c: p.365). Mens' apparel speciality stores are led by Taka-Q, a 280 store chain based in Tokyo.

Speciality stores allow consumers to target their own tastes and preferences towards particular types of merchandise and even towards particular brands. Speciality stores display a high degree of sophistication in terms of merchandise and customer service. The rapid growth of speciality sales volume demonstrates the popularity of these niche retailers in the eyes of shoppers. The common operation of speciality stores as tenants in larger outlets also makes them important for consumer perceptions of large stores.

#### 4.3.3 CONVENIENCE STORES

Convenience stores, as the name suggests, supply customers with convenience. 'Convenience' in this case means a range of basic goods and services a person

may need at short notice at any time of day. Merchandise is based around processed food products and simple household goods like cleaning materials, stationary, toiletries, and simple leisure products like magazines. Stores serve an immediate local area: convenience in terms of close proximity to clientele, and operate long hours: convenience to shop at any time.

Most convenience stores are small, local shops run by big business. *Nikkei Ryūtsū Shinbun* (1988: p.470) specify the criteria under which a chain of stores qualifies as a convenience store or mini-supermarket for the purposes of their survey. Convenience stores:

- employ self-service and operate long hours - over 16 hours a day
- are small stores, with floor space less than 200 sq.m.
- receive less than 30% of their total sales from perishable goods
- have few closing days, between 0 and 2 a month.

These four criteria are employed to identify 'borderline cases' between convenience stores and so called *mini-sūpā*s. A *mini-sūpā*, or 'mini-supermarket' is very similar to a convenience store, except that it does not quite meet all of the above criteria. Mini-supermarkets are sometimes a little larger, operate slightly fewer hours, or have more monthly closing days. Perishable foods will almost always make up more than 30% of the turnover of a mini-supermarket.

The 1987 *Nikkei Ryūtsū Shinbun* survey of convenience retailing received 112 responses (*Nikkei Ryūtsū Shinbun*, 1989c: pp.475-82). Of these, 55 were identified as mini-supermarkets and 55 as convenience store chains; 2 had stores in both categories. The top convenience store chains are part of large superstore chain groups (see below), but operate as separate companies. <sup>(2)</sup>

Table 4.7 provides the *Nikkei Ryūtsū Shinbun* ranking of the top twenty convenience stores by turnover for 1987. Seventeen of the top fifty chains (eleven of the top twenty) were convenience stores. Of these seventeen, eleven were franchise chains, the rest being voluntary chains or chains of directly operated stores. Only three chains were independent companies, with fourteen being operated as part of larger groups: nine by retailers, two by wholesalers, and three by manufacturers.



TABLE 4.7

TOP CONVENIENCE STORE CHAINS BY SALES TURNOVER IN 1987

CHAIN	PARENT COMPANY	STORE TYPE	SALES (¥ mn.)	%Δ	% SALES BY STORE OPERATION	NUMBER OF STORES	SALES PER STORE (¥ mn.)
					DIRECT FC VC		
1. Seven-Eleven	Ito-Yokado	CVS	599,116	14.8	3.0 96.9 0	3,304	181.3
2. Lawson Japan	Daieli	CVS	208,500	24.8	na na 0	1,900	109.7
3. Zennisshoku Chēn	Zen Nihon Shokuhin	MS	196,450	2.7	0.5 0 99.5	1,545	127.2
4. Sun-shop Yamazaki	Yamazaki Bread	CVS	181,984	11.2	5.5 94.5 0	1,901	95.7
5. Family Mart	Seiyu	CVS	172,872	36.7	3.6 96.4 0	1,250	138.3
6. K-Mart	Kittaka	MS	133,900	4.9	0 100.0 0	1,055	126.9
7. Sun Chain	Daieli	CVS	85,381	5.4	na na 0	810	105.4
8. MC Chain	MC Foods	MS	80,400	76.2	0 100.0 0	324	248.1
9. Maruhei Shokuhin	Marusei Chēn Shōji	MS	78,000	8.3	0 100.0 0	85	917.6
10. Hokkaido Grocery	Maruyo Nishio	MS	61,077	1.7	0 100.0 0	151	404.5
11. Mama Chain	Meikōn	MS	58,200	8.0	0 100.0 0	248	234.7
12. Circle K	Uny	CVS	53,600	32.6	na na 0	495	108.3
13. Community Store	Kokubu	CVS	53,200	13.4	0 100.0 0	381	139.6
14. Monmarto	Monmart Sutoa	CVS	53,134	11.2	1.1 0 98.9	366	145.2
15. Spar	Hokuriku Spar	MS	46,950	3.9	18.9 0 81.1	71	661.3
16. Hotto Supā	Kasumi	CVS	40,912	70.6	4.4 0 95.6	338	121.0
17. Sunkusu	Nagasakitya	CVS	40,600	25.3	na na 0	306	132.7
18. 3-8/Hi-Mart	Hiroya	MS	37,681	7.7	0.6 0 99.4	210	179.4
19. Coco Store	Yamaizumi Shōkai	MS	36,000	16.1	0.6 99.4 0	295	122.0
19. Selcomart	Maruyo Nishio	CVS	36,000	13.9	0 100.0 0	261	137.9

Notes: CVS = Convenience Store DIRECT = Directly operated stores  
 MS = Mini-supermarket FC = Franchise chain stores  
 ∇ = negative growth VC = Voluntary chain stores

Source: Adapted from *Nikkei Ryūtsū Shinbun* (1989c: pp.478-479).

The remaining 33 companies in the top 50 were classified by *Nikkei Ryūtsū Shinbun* as mini-supermarkets. Of these, twenty were voluntary chains and twenty-two were independent companies. <sup>(3)</sup> The convenience store and mini-supermarket sector is the most rapidly expanding area in Japanese retailing. Annual sales was growth 15% in 1988 (MITI, 1989a: p.22) having peaked at 28% in 1983 (*Nikkei Ryūtsū Shinbun*, 1989c: p.475). In 1985, total sales were ¥3.4 trillion, or about 4% of total Japanese retail sales (MITI, 1989a: p.22). In 1987, there were over 20,000 convenience stores operating in Japan, including 6,600 mini-supermarkets (*Nikkei Ryūtsū Shinbun*, 1989c: p.476).

Directly operated stores are owned and run by the parent company. Within the *Nikkei* ranking, only five companies, *Tōhō*, *Nada Kobe Seikyō*, *Isokawa*, *Rakkii Fudo* and *Yūzū Yoshida*, operate chains made up exclusively of directly operated stores. All but one of the franchise companies, and most voluntary chains, maintain a number of directly operated outlets in addition to their member stores. Directly controlled stores are maintained for two reasons. First, a small pool of stores can be employed for various training and experimental purposes. They can be used to test new products, techniques, and hard- and software for information systems. Store personnel, field supervisors, general management personnel and prospective franchisees can be trained in these stores. The number of such stores in a chain generally depends on the size of the overall chain operation. Larger companies are actively developing own label products which require careful field testing. These are first introduced into the controlled environments of directly operated stores.

Alternatively, a franchisor may directly operate a store to take advantage of a good retail location when a suitable franchisee is unavailable. The search for new franchisees is slow and consumes substantial management time. It has become common for existing independent store premises to be rented or bought by the franchiser, and converted into a member store. The parent company may place an employee or an employee's family in the store, allowing it to be operated semi-independently. These are called *Itaku keiei ten* [委託経営店], or 'trust



operated stores'. They are operated by personnel assigned by the franchiser rather than by the store's original owner as is the case for a normal franchise, but the original owner often retains rights to the store, land or parts of the building. This distinguishes the outlet from other directly operated stores. Top chains such as Lawson and Sun Shop Yamazaki have used this method of site acquisition in order to achieve a rapid increase in the number and geographical spread of stores (MITI, 1989a: pp.284-5).

Of the 50 chains ranked by the *Nikkei Ryūtsū Shinbun* 1987 survey, 27 were voluntary chains. Voluntary chains take a very similar form to that known in Europe, being operated by wholesale groups (Efuji, 1982). Members receive the advantages of a wide choice of goods at lower supply prices, while the wholesaler can buy in larger quantities because of its assured market.

Compared with many franchises, voluntary chain members usually receive a less sophisticated membership package. That is to say, there is less emphasis on new store fronts and design, store interior, logos, own brand labels, management supervision and store technology. On the other hand, members retain a greater degree of independence. Voluntary chain membership is said to involve a slightly lower royalty charge than the franchise chains (MITI, 1989a: p.476). This, however, is not supported by other data sources which list franchise and voluntary chain fees as being very similar (*Shokuhin Shōgyō*, 1987: pp.234-71).

In 1987, the average annual sales growth for voluntary chains was only 3.4%, with one chain, *Hotto Supā* suffering a fall in sales of over 20% on the year. This compares with average sales growth of 16.1% among the seventeen franchise chains. The five chains of directly managed stores showed an 8.6% growth (*Nikkei Ryūtsū Shinbun*, 1989c: pp.478-9). The largest voluntary chain in 1987 was *Zemmisshoku* which had a chain of 1,545 stores.

In 1987, several individual companies achieved an annual sales growth of over 30%, including Family Mart, Circle K, Mini Stop and *Niko Mato*. Franchise chains have performed notably well, with four of the top six companies being franchise operations.

The systemisation of franchising has been well developed by the larger chains, making convenience stores an innovative retail format in Japan. The rewards can be considerable for both chain and individual store operators. Efficient use of space and a rapid turnover of merchandise are the main objectives of this systemisation at store level. Through training and the advice of their field supervisors, franchisees and store managers carefully adjust the product mix to attain a rapid turnover of stock, particularly in perishable food lines.

This requires rapid and accurate physical distribution from local distribution centres and suppliers in relatively small delivery units. Of all convenience stores, 32.6% take three deliveries of prepared foods a day, and the larger companies are already experimenting with four deliveries a day (*Nikkei Ryūtsū Shinbun*, 1989c: pp.481-482). Deliveries are in very small quantities on a item by item basis, and items requiring similar temperature levels are carefully sorted and delivered together.

Store technology systems are employed to maintain the level of control necessary to ensure efficient and accurate ordering of products. In Japan, 57 convenience store chains had Electronic Ordering Systems (EOS) in all their stores in 1987, with a further 34 employing EOS in a part of the chain. Only 5 chains did not use EOS and had no plans to introduce it (*Nikkei Ryūtsū Shinbun*, 1989c: p.480).

Point of Sale (POS) information systems are also common. Seventy-four companies employed POS in at least part of their chains in 1987, but only one mini-supermarket had POS throughout its chain as compared with eight convenience store chains. Seven-Eleven has employed POS in all its stores since the early 1980s (Seven-Eleven, 1989b). Circle K (Japan) and Sunkus completed installation of POS throughout their chains in 1988 (*Nikkei Ryūtsū Shinbun*, 1989c: p.480). Lawson, Family Mart and Mini-Stop had POS in the majority of their stores.

A large porportion of the convenience store business is concentrated in the hands of large superstore groups. This is partly due to the influence of the



Large Store Law. The average sales floor space of convenience stores is 100 sq.m., well outside the Law except in some areas where stricter local authority rules exist. In addition, franchise operations involving existing stores have no need to worry about possible regulation, although some have suffered opposition from other local retailers (*Nihon Keizai Shinbun*, 1989c: pp.98-100). Large retail groups have moved rapidly into the convenience store sector as a way in which to expand without having to worry about the Law.

The dominance of the leading convenience store chain, Seven-Eleven is clear from table 4.7. In 1987, Seven-Eleven had over double the annual sales and 1,404 more stores than second ranked Lawson. In 1990, the number of stores had risen to over 4,000. All Seven-Eleven stores have on-line links to regional offices and, in turn, to head office in Tokyo. As a franchisor and a developer of POS technology, Seven-Eleven has been a pioneer in Japan. With Ito-Yokado's recent acquisition of 75% of Southland Corporation in America, the company now controls over 13,000 convenience stores world wide (Kaletsky, 1990; Thomson, 1990a; Thomson and Kaletsky, 1990).

In addition to this strategic consideration, convenience stores have proved popular with consumers. The first convenience stores supplemented the service provided by supermarkets when they opened in the late 1970s (Dodwells Marketing Consultants, 1988: p.38). More recently, they have supplied a growing demand for quick and convenient shopping in local communities. Several large chains, including Seven-Eleven in Tokyo, Lawson in Kansai and Circle K in Aichi, have especially targeted new residential housing with a high proportion of young, dual income couples, and student areas around universities and colleges (Seascope, 1989).

Meijo University *Shiogamaguchi* campus in Nagoya provides a good example. Measured from the university's main gate, nine competing convenience stores are located along a single 300 metre stretch of road. These include two Lawsons, two Circle Ks (both of which opened in January 1990), two Coco Stores, one Dairy & Deli, one Mini-Stop and one Sun Chain store.

Open between 16 and 24 hours a day, convenience stores are favoured by consumers who have little time for mundane shopping. These include working housewives and mothers, leisure orientated students and single workers. Japanese convenience store operators are well aware of this role. They provide a wide range of goods and a growing range of services which previously had been available only in specialist stores. While mini-supermarkets carry fresh vegetables as their core merchandise, convenience stores carry only as many fresh vegetables as space allows after other standard products have been stocked. More important than fresh vegetables are ready-to-eat foods such as sandwiches, rice balls (*o-nigiri*), rice based lunch boxes (*o-bentō*), side salads, and a large range of snacks, beverages and confectionary. A Seven-Eleven store carries around 3,000 products within a standard store size of 98 sq.m.. These are chosen from a product list set by Seven-Eleven head office that numbers around 6,000 products. The merchandise in each outlet is adjusted by store managers and field supervisors to maximise sales turnover.

There have been many innovative product developments designed to suit the convenience store business. One example is the packaging for rice balls which keeps the rice fresh and moist, while their seaweed covering remains crisp, and allows them to be unwrapped without losing the contents or getting sticky fingers.

More recently convenience stores are seeking to increase the number of customer services they provide. Nearly all stores act as agents for parcel pick up and delivery services, and most provide photographic DPE. Other services include micro-wave ovens in the store to heat the ready-to-eat foods, sale of stamps, rental services for videos, CDs, tapes and/or magazines, dry cleaning, hot food counters, picnic areas, sandwich making, made to order birthday cakes, photocopying and facsimile services. The Seven-Eleven chain provides facilities for customers to pay gas and electricity bills at their stores. A future development is likely to be the amalgamation of convenience stores and larger services such as petrol stations, video rental stores and fast food restaurants



(MITI, 1989a: pp.288-9).

Convenience stores are concentrated in densely populated urban areas, but as each store aims to cover a market radius of only 500 sq.m., there is still considerable scope for expansion in numbers. Competitiveness arises from the skill of adapting merchandise mix within individual stores, and maintaining a full, fresh stock of goods through efficient distribution.

The top convenience store chains are growing at a rate that is separating them from other chains in terms of sales volume and store numbers. The overall number of convenience stores will not peak for several years, but the industry will undergo concentration into a small number of highly competitive chains (Komori, 1989). The preference of consumers for particular stores on the basis of the services they provide is likely to become stronger and more widespread. With so many competing chains opening in small areas there may also be a strengthening of consumer preferences for particular chains.

#### 4.4 LARGE STORES IN JAPAN

What is a 'large' store? In Britain, a number of definitions exist for stores such as superstores and hypermarkets that specify store size. A superstore, for example, is:

"A retail organisation with a sales area of 25,000 square feet to 50,000 square feet selling mainly on self-service and at competitive prices a wide range of food and non-food products with adequate parking facilities available."

(Broadbridge, 1990: p.76)

Japanese definitions tend to have a broader base and usually fail to give quantitative judgements of store size. It is common to distinguish stores by the accepted limits laid down by the Large Store Law. For this chapter, and the remainder of this study, a 'large' store will be taken as any store with a sales floor space in excess of 1,500 square metres.

It was seen in table 4.6, small independent and speciality retail stores

account for over 93% of all retailers and 70% of sales. Large retailers are represented mainly by large department stores and large 'superstores'. These stores account for only 0.1% of all store numbers, but control 13% of sales. Consequently, average sales for department stores and superstores are the highest over the various store types (see table 4.6). In 1985, large department stores had average annual sales of just over ¥19 billion according to the table, with large superstores averaging a little over ¥4.5 billion a year. Of the eight categories shown, only department stores and superstores have an average annual turnover in excess of ¥1 billion.

The *Nikkei Ryūtsū Shinbun* publishes annual sales rankings for the top retailers in Japan (table 4.8). The top three retailers are general merchandise superstore chains. Daiei has had the highest annual turnover since 1972 when it surpassed the Mitsukoshi department store chain. Mitsukoshi is no longer even the highest selling department store, with the newer Seibu Department Store ranking fourth overall. Seibu and the third ranked company Seiyu are part of the Seibu Saison Group. It can be seen that taken together this group would rank higher than the Daiei figure. It is common for groups of companies to declare earnings separately in Japan. Except for Marui, every one of the top fifteen companies has an affiliated or subsidiary company elsewhere in the ranking of 200 retailers.

Of the twenty companies, there are seven major superstore conglomerates (marked as superstores), eight department store chains, one fashion building chain, one cooperative society, and three supermarket chains. The dominance of superstore chains can be seen in that six of the seven are ranked in the top eleven companies.

Ranking by profitability is considerably different. Ito-Yokado is the most profitable retailer in Japan in terms of net profit. The company's net after tax profit margin of 3.1% is comparatively high for the industry as a whole, with only Marui, a high-margin, fashion apparel retailer, showing a better result among the top twenty. (4)



TABLE 4.8

TOP 20 RETAILERS IN JAPAN 1989

COMPANY	Main Bus.	SALES (¥ mill.)	% of total	Profit Net tax (¥ mill)	As % of sales	No. Main Stores
1. Daiei	GMS	1,777,335	1.88	8,557	0.47	189
2. Ito Yokado	GMS	1,258,190	3.21	39,919	3.17	138
3. Seiyu	GMS	1,004,094	4.27	5,942	0.59	223
4. Seibu Dep't Stores	Dpt	994,620	5.32	n.a.	n.a.	18
5. Jusco	GMS	922,866	6.29	14,014	1.52	168
6. Mitsukoshi	Dpt	787,875	7.12	6,805	0.86	14
7. Takashimaya	Dpt	653,603	7.81	9,854	1.51	6
8. Nichii	GMS	664,732	8.49	13,032	2.01	153
9. Daimaru	Dpt	569,935	9.09	3,029	0.53	7
10. Marui	Fblg	543,312	9.67	25,935	4.78	33
11. Uny	GMS	489,712	10.19	9,014	1.84	119
12. Matsuzakaya	Dpt	438,565	10.65	7,111	1.62	9
13. Nagasakiya	SM	406,449	11.08	3,184	0.78	430
14. Isetan	Dpt	371,156	11.47	6,546	1.76	5
15. Tokyu Dep't Store	Dpt	346,523	11.84	5,189	1.49	6
16. Izumiya	SM	340,677	12.20	6,873	2.02	77
17. Hankyu Dep't Store	Dpt	327,045	12.55	4,786	1.46	9
18. Chujitsuya	SM	302,873	12.87	2,643	0.88	78
19. Nada Kobe Co-op	SM	297,574	13.18	5,004	1.68	141
20. Sogo	Dpt	292,610	13.49	4,580	1.57	3

Total Retail Sales by 1989 survey ¥94.5 trillion.

Key: GMS = General Merchandise Stores

Dpt = Department Stores

Fblg = Fashion Building

SM = Supermarket

Source: *Nikkei Ryūtsū Shinbun* (1990b: p.264).

Both Daiei and Seiyu, the number one and number three retailers, have very low profit figures indeed, but what is more surprising are the low net margins achieved by the major department stores. The high value added merchandise offered by department stores presents the opportunity for high gross margins to be applied, but the available data suggest that department stores are failing to convert this situation into better than average net profits. This could be a consequence of the more traditional operating practices employed by the older department stores, and the high costs of land and labour.

Relative to countries such as Britain, the degree of retail concentration in Japan is very low. <sup>(5)</sup> Daiei, the top retailer, had only about a 1.5% share of the retail market, and the top twenty companies taken together account for less than 14%, with the top 200 accounting for only around 26%. This is a very small share, but it is showing a long term upward trend.

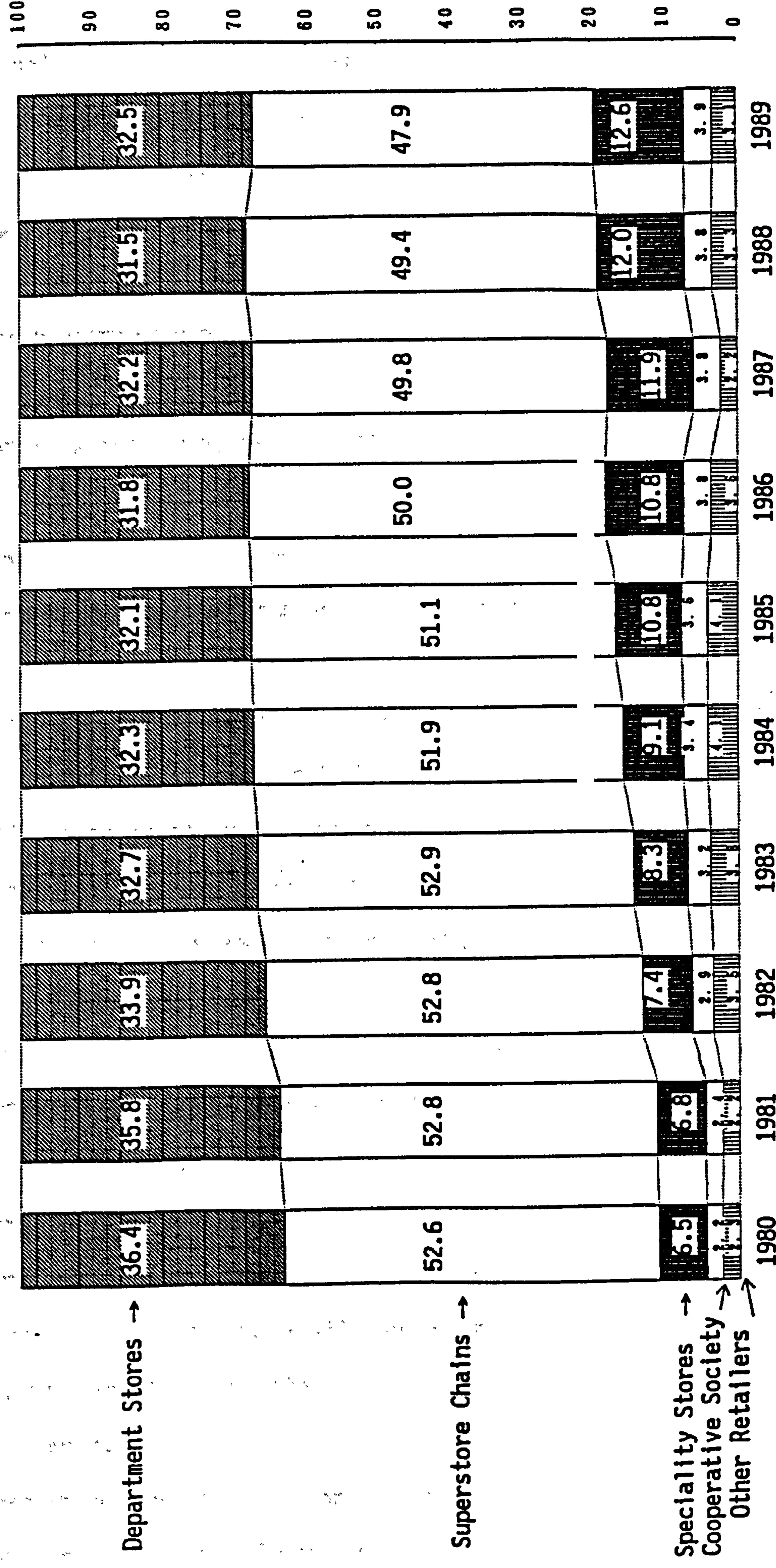
Taking the data from this same survey, it is possible to compare the market shares of the main retail store types within the top 200 companies (figure 4.2). After a small recovery in 1987, the market share held by department stores has continued to decline steadily, but they still maintain a little under a third of the market, with a small increase in 1989 at the expense of the superstore sector due to an increase in conspicuous consumption. The market share held by superstores and large supermarkets is continuing to decline after peaking at 52.9% in 1983.

As mentioned above, speciality store retailing has been the growing sector of corporate retailing in the 1980s, doubling the proportion of sales held by these companies of the top 200 retailers. Highly focused niche retailing has allowed these stores to move into the area of high price merchandising previously dominated by department stores. The majority of new speciality stores open within Japan fashion buildings (see section 4.7). Small stores allow greater flexibility as they can be quickly and cheaply changed or replaced if an existing outlet proves to be unsuccessful. Increasingly, speciality store chains are opening outlets as tenants inside department stores and



FIGURE 4.2

SHARE OF RETAIL TOP 200 COMPANIES' RETAIL SALES BY MAIN RETAIL TYPE 1979 TO 1989



Source: *Nikkei Ryutsu Shinbun* (1989c: p.333; 1990).



superstores.

The final sections of this chapter consider the main forms of large retailing in Japan. These are department stores, superstores, and fashion buildings, discount stores and roadside retailers. Again, specific retail companies will be considered in each section.

## 4.5 JAPANESE DEPARTMENT STORES

### 4.5.1 DEFINING JAPANESE DEPARTMENT STORES

Department stores are at the top of the Japanese retail status hierarchy. With the exception of a small number of famous speciality stores, they are the oldest and the most prestigious of all Japanese retailers. Due to their size and role in individual shopping locations, they are by far the most prominent stores in Japan, almost every city having at least one department store. Consequently, department stores have probably been the subject of a greater volume of research than any other single store type, generating a considerable literature in Japanese (examples include *Akai*, 1989; *Hasegawa*, 1988; *Kazama*, 1988; *Koyasu*, 1984; *Maeda*, 1989; *MITI*, 1989a: pp.265-271; *Nikkei Ryūtsū Shinbun*, 1989a: pp.104-177; *Okada*, 1988; *Shōtenkai*, 1989; *Shūkan Daiyamondo*, 1981: 1987a: 1987b: 1989b: 1989g; *Shūkan Tōyō Keizai*, 1981; *Sutoōzusha*, 1989; *Takaoka* and *Koyama*, 1970; *Uno* and *Katayama*, 1981; *Yoshidome*, 1988b).

It seems that few overseas visitors fail to be at least mildly amazed by the number of really large department stores in Japan and the variety and the price of the merchandise they carry. As will become increasingly apparent throughout this study, department stores often act as a focus for the shopping activity of Japanese consumers.

In Japan there are two terms for 'department store'. "*Depāto*" [デパート] is the most basic, and probably the most common. As with many words in modern Japanese, this is taken from English. The majority of Japanese people would



equally understand the full English term 'Department Store'. This is a minor point, but it emphasises that the conceptual origins of department stores in Japan are basically the same as in the West, not least in terms of the way the stores are operated.

The usual Japanese language word for a department store is "*Hyakkaten*" [百貨店]. A literal, rather aesthetic translation would be, 'Store of a Hundred Goods'. The final character, 「店」 simply means 'shop'. The first two, 「百」 and 「貨」 provide the conceptual feel of a large store dealing in a great quantity of goods. These are the two points brought out by *Okada* (1988: pp.10-2) as being the essence of a Japanese department store. Today the largest superstores are very similar in this respect, but in terms of price, quality, physical surroundings and sales volume, they remain significantly differentiated from department stores.

Of course, department stores are not uniquely Japanese. Lewison and DeLozier (1986: p.70) define department stores as follows:

"[Department stores are] large retail institutions that carry a wide selection of merchandise lines with a reasonably good selection within each line . . . From an operational standpoint, most of the basic functions of buying, selling, promoting and servicing are conducted entirely or at least in part at the department level. Also, accounting and control procedures are organised on a departmental basis."

(Lewison and DeLozier, 1986: p.70)

Japanese department stores conform to this general definition, but there are department stores and department stores. In Japan, there is a large number of department stores at the high quality end of the market, similar to Harrods or Selfridges in Britain. These are found not only in Tokyo, where there are tens of such stores, but also in a number of larger regional cities.

The Japanese Census of Commerce employs a brief working definition under industrial classification number 53: 'General Merchandise Stores'. This translates as follows:

[General Goods Retailing Classification 53] classifies retail operations where goods extending over clothing, foods and

household goods are retailed collectively in a single place of business. Such businesses are those which cannot be distinguished as predominantly selling a single product type, and many examples of such businesses are called *Hyakkaten*, *Depāto* or such like.

[531 Department Stores] are those places of business where the types of goods sold extend over clothing, food and interior goods classifications, operate in such a way that single businesses cannot be distinguished as predominantly selling a single product type, and have 50 or more regular employees.

[Included in the Census are] *Hyakkaten* (with 50 or more regular employees); *Depāto* (with 50 or more regular employees); General Superstores (with 50 or more regular employees).

[Excluded from the Census are] *Hyakkaten* (which do not sell goods that extend over clothing, food and interior goods, even if they have 50 or more employees) [these will be included in separate sections depending on main product sold].<sup>(6)</sup>

(MITI, 1989b: p.632)

It should be noted that the definition makes a distinction between *Depāto* and *Hyakkaten* - both terms meaning department store. General Superstores are also included in the same category simply as 'large' stores. In the notes to the above definitions, department stores are more precisely defined as having sales ratios for clothing, and food, and interior goods product classes that are each over 10% but below 70% of the store's total turnover in any one class. Department stores which cannot be distinguished by particular product class, and which employ less than 50 regular employees are included in 'Class 5399: Other General Merchandise Stores'. In the case of these smaller businesses, no single product class may account for more than 49% of total sales. Consequently, this definition includes the newest superstores operated by Ito-Yokado, Daiei and Seiyu. As the definition is aimed more at defining large, general merchandise retailers rather than distinguishing between department stores and superstores, it is somewhat broad and over ambiguous.

In the 1988 Census, 1,911 'department stores' were identified in the larger class of over 50 employees. This sample had an average floor space of 7,481 sq.m., and average sales of ¥8.2 billion per store. Among these, however, 1,478 (77.3%) were 'self-service' stores. <sup>(7)</sup> As *Okada* (1988: pp.123-4) points out, department stores can also be characterised by face-to-face [対面] selling, ie.



non-self-service. Therefore, the remaining 431 of the 1,911 stores in this category are the true department stores by a more traditional definition.

The Japan Department Store Association<sup>(8)</sup> does not have a formal definition of a department store, but the Letters of Association do state that:

"The members of this Association will be those Department Stores which have a sales space in excess of 3,000 sq.m. in the six largest cities (that is Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe) and over 1,500 sq.m. in all other areas, and which have been accepted to the Association by consent of the Board of Directors."<sup>(9)</sup>

(*Nihon Hyakkaten Kyokai*, 1989a: p.II)

This note includes the same criteria for store size employed in the Large Store Law and in the original Department Store Law of 1956 (see chapter 2). For the purposes of his book, *Okada* bases his final definition on the same factors, adding the point raised in the Census of Commerce definition that a department store is involved in the "retail business of selling a very general range of goods within a single store." (*Okada*, 1988: p.11-12).<sup>(10)</sup>

Considering each of these definitions, the essence of a Japanese department store can be identified. As was pointed out above, department stores in Japan have the same operational characteristics as their equivalents in other countries. They are large stores, usually with a large number of full-time employees, and many of them have very high sales for a single store. Japan Department Store Association figures illustrate this (*Nihon Hyakkaten Kyōkai*, 1989b: p.8, 12). For the 255 member stores the average store had a sales floor of 18,690 sq.m., employed 530 full-time employees, and had annual sales of ¥31.3 million. Member stores in Tokyo are considerably larger, employing on average over 1,300 full-time employees per store, and having an average annual turnover in excess of ¥94 million. In 1989, the two largest stores in terms of sales, the Seibu Ikebukuro store and the Mitsukoshi Nihonbashi store, took on average ¥1.1 billion and ¥981 million respectively a day!

These figures give a clear picture of the importance of department stores in Japan. In addition, there are a number of further classifications that are

frequently employed in more academic literature (*Okada*, 1988; *Takaoka* and *Koyama*, 1970). These classifications separate Japanese department stores by their history or by their location, but there is some overlap between the two, and they are used chiefly as generalisations. A single form of classification, traditional and non-traditional department stores, is useful as it allows an indepth description of major modern Japanese department stores.

#### 4.5.2 TRADITIONAL DEPARTMENT STORES

Traditional Japanese department stores are distinguished according to their location. The two types are the Major City Department Stores (*Toshin Hyakkaten* [都心百貨店]), and Regional Department Stores (*Jimoto Hyakkaten* [地元百貨店]).

The Regional Department Stores are often relatively small, local companies with one or two outlets; well known in their own local area, but virtually unknown elsewhere. Examples appear in the study described below, including Mito Keisei and Isejin in Mito, and Maruei and Meitetsu in Nagoya. Many local stores do not live up to the standards of their counterparts in large, affluent urban areas. With relatively limited management structures and distribution facilities, these stores struggle to compete against the larger chains of national department stores and large superstores. Arguably, Mito Keisei and Isejin fall into this category (see chapter 7).

The Major City Department Stores<sup>(1)</sup> are the big name stores in Japan. All have large branches in Tokyo, and include Mitsukoshi [三越], Matsuya [松屋], Isetan [伊勢丹], Takashimaya [高島屋], Sogo [そごう] and Daimaru [大丸]. Arguably, Matsuzakaya [松阪屋], Tokyu [東急] and Odakyu [小田急] also fall into this category, as, today, they are all major department stores with very large branches in central Tokyo. Matsuzakaya, however, is a Nagoya based, 'local' department store, and Tokyu and Odakyu are both modern generation department stores originating from railway companies (see section 4.5.3)

As is the case in many aspects of Japanese life, prestige and status comes



mainly with age. Traditional Japanese department stores originate from very old retail companies. The majority began business as small, specialist retailers. High class *kimono* stores formed the origins of the largest stores: Mitsukoshi, Takashimaya, Daimaru, Sogo and Matsuzakaya. The department store operation of Mitsukoshi was founded in 1904, Matsuzakaya in 1910, Matsuya and Takashimaya in 1919, Daimaru in 1920, and Isetan in 1930 (Dodwell Marketing Consultants, 1988), but all of these stores had been involved in retailing for many years previously. Several department stores trace their origins to the nineteenth century, and at least two go back much further. Mitsukoshi was founded in 1673 by the founder of the Mitsui group, *Kōri Mitsui*, and began as the 'Echigoya' *kimono* shop in Tokyo's Nihonbashi. Other *kimono* specialists include Isetan, founded in 1889 in Tokyo, and, in the Kansai region, Daimaru (1717), Takashimaya (1831) and Sogo (1830) (*Okada*, 1988: pp.53-74). Matsuzakaya can claim to be Japan's oldest surviving retailer, originating in Nagoya in 1611 as the 'Itō Gofukuya' *kimono* shop.

One or two major retailers from other sectors have histories stretching back sixty years or more. Superstore chain Ito-Yokado was originally founded in 1913, and the 'non-traditional' Tokyu department store began business in 1919 (Dodwells, 1985: p.200). True status, however, appears to arise from a history stretching back over 100 years, with roots firmly in retailing and not other forms of business. Consequently, no retailers command the air of respect that surrounds the traditional department stores. <sup>(12)</sup>

Several regional department stores were also founded in the early twentieth century. These include Fujisaki in Sendai, founded in 1912, and Yamagataya in Kagoshima, founded in 1917. Whereas these regional stores have remained insulated in their home prefectures, the major Tokyo and Osaka stores have expanded throughout Japan and now control branches or affiliated stores on a national basis. Several of the major department stores are leaders of national buying groups. Six major department store groups exist in Japan led by Mitsukoshi, Daimaru, Takashimaya, Isetan-Matsuya, Matsuzakaya and Seibu. With

the exception of Seibu, all of these groups are led by one of the traditional stores. The membership of each group is given in table 4.9. It can be seen that the groups include members from all over Japan, with a network of large store chains and independent regional stores. The overlap between the groups is also noticable, with a number of stores being members of more than one grouping.

The purpose of the groups is to expand the flexibility of members' merchandising strategies, and to provide other financial and consultancy functions. Unlike other types of grouping found in Japanese retailing, for example the *keiretsu* systems described above, the overall operation of group members remains autonomous, with leading companies being little more than the largest and most powerful store involved. These leaders do not exercise the kind of strict control over members that is found in *keiretsu* chains and within affiliated groups of superstores.

Compared with the superstore sector, Japanese department stores have tended to be rather slow in developing new retail strategies and adopting modern retail techniques (*Shukan Daiyamondo*, 1989d). The introduction of a Consumption Tax in April 1989, forced a number of regional stores to buy centrally computerised POS terminals in order to cope with the added paper work. Prior to this, they had relied totally on non-integrated systems, with each register operating as a single computer (*Hoshino*, 1989; *Nikkei Ryutsu Shinbun*, 1989c: pp.31-34). More recently, with the expansion of high quality chain store retailing, smaller regional department stores have become the targets of takeovers and mergers. A number have been absorbed into the larger department store groups, or switched over to large chain store companies.

On the whole, the traditional department stores seem content to allow their high prestige business to carry them along. They have a far less aggressive policy of store openings than the superstores. With the notable exception of a string of large, modern stores opened by Sogo, the traditional companies have opened very few stores in the past decade. As Sogo and all the major superstore chains have maintained a relatively successful store opening strategy during



TABLE 4.9

## THE SIX MAJOR DEPARTMENT STORE BUYING GROUPS

## 1. MITSUKOSHI GROUP 【三越グループ】

a. Mitsukoshi Department Stores: Tokyo (Shinjuku), Tokyo (Dabukuro), Tokyo (Nishinagasaki), Tokyo (Ginza), Yokohama, Osaka, Hirokawa, Kurashiki, Hiroshima, Takamatsu, Matsuyama.

Member Stores:

- |  |   |   |   |
|--|---|---|---|
| 1. Minami Ryukyu (Amami: M)                  | 11. Daimaru Ryukyu (Kawasaki: M)            | 21. Matsubashi (Kawasaki: M, I)               | 31. Izumiya (Iida Ryukyu: M, I)                     |
| 2. Minami Ryukyu (Amami: M)                  | 12. Yae Ryukyu (Ochikubo: M)                | 22. Nagoya Mitsukoshi (Nagoya: M, C, P, E, I) | 32. Wakayama Izumiya (Wakayama: M)                  |
| 3. Yamori Daito (Oita: M)                    | 13. Koma (Tsushima: M)                      | 23. Yokohama Kintetsu (Yokohama: M)           | 33. Sakurazaki Izumiya (Sakurazaki: M)              |
| 4. Maruoka (Kawachi: M)                      | 14. Chiba Mitsukoshi (Chiba: M, C, P, E, I) | 24. Tai Matsubashi (Tai: M)                   | 34. Baran Izumiya (Baran: M)                        |
| 5. Nagoya Mitsukoshi (Nagoya: M, C, P, E, I) | 15. Kintetsu Ryukyu (Kichijoji: M)          | 25. Kyoto Kintetsu (Kyoto: M)                 | 35. Iizumi Izumiya (Iizumi: M)                      |
| 6. Oaraya (Izumi: M)                         | 16. Kintetsu (Tokyo: M)                     | 26. Kintetsu Ryukyu (Osaka: M, I)             | 36. Sagami (Sagami: M)                              |
| 7. Isiya (Hito, Hitachi, Fujita: M, I)       | 17. Sakaya (Yokohama, Kawasaki: M, P)       | 27. Wakayama Kintetsu (Wakayama: M)           | 37. Tama (Nagasaki: M)                              |
| 8. Ueno Ryukyu (Utsunomiya: M, I)            | 18. Oaraya (Rifu: M)                        | 28. Ichikawa (Matsui, Izumi: M, I)            | 38. Bappa Kintetsu (Bappa: M)                       |
| 9. Fukuoka Ryukyu (Fukuoka: M)               | 19. Fujisawa Sakaya (Fujisawa: M, C, P, I)  | 29. Chumotaya (Yamaguchi: M)                  | 39. Kagoshima Mitsukoshi (Kagoshima: M, C, P, E, I) |
| 10. Saitama (Machida, Takasaki: M)           | 20. Ueno (Hiroshima: M)                     | 30. Ibe Izumiya (Ibe: M)                      | 40. Onoda Mitsukoshi (Onoda: M, C, P, I)            |

## 2. DAIMARU GROUP 【大丸グループ】

a. Daimaru Department Stores: Machida, Kyoto, Osaka (Umeda), Osaka (Shinsaibashi), Kobe, Wakayama, Shin-nagata.

Member Stores:

- |                                   |  |  |  |
|-----------------------------------|--|--|--|
| 1. Fujisawa (Obihiro: M)          | 11. Daimaru Maruyama (Tokyo: C, P, E, I)     | 21. Tenryo (Osaka: M, I)                           | 31. Matsui (Oita: M, I)                |
| 2. Nakatsu (Amami: M)             | 12. Kato Jijya (Fujisawa: M, I)              | 22. Fukuoka (Hiroshima: M)                         | 32. Tohama (Oita: M)                   |
| 3. Masamori Takamatsu (Oita: M)   | 13. Inoue (Matsuyama: M, I)                  | 23. Shizuoka Daimaru (Shizuoka: M, C, P, E, I)     | 33. Utsuki Tohama (Utsuki: M)          |
| 4. Takayama (Aichi: M)            | 14. Daimaru (Kawachi: M, E, I)               | 24. Yonago Daimaru (Yonago: M, C, P, E, I)         | 34. Riori (Nagasaki: M, C, P, E, I)    |
| 5. Shizuoka (Shizuoka: M)         | 15. Yonago (Ogaki: M, I)                     | 25. Marushita (Tokushima: M)                       | 35. Tsuruya Ryukyu (Bannoto: M)        |
| 6. Senda Jijya (Senda: M)         | 16. Daimaru Fukuoka (Osaka: M, C, P, E, I)   | 26. Miyama Daimaru (Miyama: M, C, P, E, I)         | 36. Miyazaki Yamagata (Miyazaki: M, I) |
| 7. Fukuoka Ryukyu (Utsunomiya: M) | 17. Daimaru (Shima: M, C, P, E, I)           | 27. Inabari Daimaru (Inabari: M, C, P, E, I)       | 37. Kanagawa Yamagata (Kanagawa: M, I) |
| 8. Kato Jijya (Otsu: M, I)        | 18. Tottori Daimaru (Tottori: M, C, P, E, I) | 28. Rishi Daimaru (Rishi: M, C, P, E, I)           | 38. Yamagata (Kagoshima: M, I)         |
| 9. Jiji Esashi (Yachyo: M, I)     | 19. Sanyo Ryukyu (Himeji: M, I)              | 29. Sakurazaki Daimaru (Sakurazaki: M, C, P, E, I) | 39. Onoda Yamagata (Onoda: M, I)       |
| 10. Jijya (Tokyo: M)              |  |  |  |

## 3. JMA GROUP 【日本百貨店協会】

a. Seibu Department Stores: Utsunomiya, Dabukuro, Tokorozawa, Tsukuba, Shibuya, Funabashi, Machida, Maebashi, Shizuoka, Hamamatsu, Toden, Tsukuba, Toyohashi, Machida, Takaki.

Otsu.

Member Stores:

- |  |                                      |                                    |  |
|--|--------------------------------------|------------------------------------|--|
| 1. Hishida (Osaka: M, E)                 | 6. Matsubashi (Amami: M, C, P, E)    | 11. Kintetsu Ryukyu (Nagoya: M, E) | 16. Tsuruya Ryukyu (Bannoto: M, E)     |
| 2. Fujisawa (Obihiro: M, E)              | 7. Matsui Matsubashi (Matsui: M, E)  | 12. Kintetsu Ryukyu (Osaka: M, E)  | 17. Tohama (Oita: M, E)                |
| 3. Tsurumaru Ryukyu (Tsurumaru: M, P, E) | 8. Tama Matsubashi (Tama: M, E)      | 13. Marushita (Yokohama: M, E)     | 18. Miyazaki Yamagata (Miyazaki: M, E) |
| 4. Oaraya (Oita: M, P, E)                | 9. Yae Ryukyu (Ochikubo: M)          | 14. Marushita (Tokushima: M, E)    | 19. Yamagata (Kagoshima: M, E)         |
| 5. Goshima (Sapporo: M, C, P, E, I)      | 10. Daimaru (Fukuoka: M, C, P, E, I) | 15. Hishizawa (Saitama: M, E)      | 20. Onoda Yamagata (Onoda: M, E)       |

## 4. ADO GROUP 【日本デパートメントストアーズ】

Isen Department Stores: Tokyo (Shinjuku), Utsunomiya, Tachikawa, Kichijoji, Mitaka.

Member Stores:

- |                                      |   |                                       |   |
|--------------------------------------|---|---------------------------------------|---|
| 1. Maruoka Tsuruya (Bishu: E, I)     | 10. Fukuoka Toba (Fukuoka: M, E, I)         | 18. Kintetsu Ryukyu (Nagoya: M, E, I) | 26. Tohama (Oita: M, E, I)                |
| 2. Maruoka Toba (Sapporo: M, E, I)   | 11. Kintetsu Maruoka (Kawachi: M, E, I)     | 19. Tai Matsubashi (Tai: M, E, I)     | 27. Maruoka Ryukyu (Nagasaki: M, E, I)    |
| 3. Kintetsu (Miyazaki: M, E, I)      | 12. Higashi Isen (Higashi: M, C, P, E, I)   | 20. Kintetsu Ryukyu (Osaka: M, E, I)  | 28. Tsuruya Ryukyu (Bannoto: M, E, I)     |
| 4. Oaraya (Yamagata: M, E, I)        | 13. Isen (Tokyo: M, E, I)                   | 21. Sanyo Ryukyu (Himeji: M, E, I)    | 29. Isen Isen (Bannoto: M, E, I)          |
| 5. Fujisawa (Senda: M, E, I)         | 14. Matsui (Tokyo: M, E, I)                 | 22. Tsuruya (Osaka: M, E, I)          | 30. Miyazaki Yamagata (Miyazaki: M, E, I) |
| 6. Oaraya (Izumi: M, E, I)           | 15. Toba Ryukyu (Tokyo: M, E, I)            | 23. Marushita (Tokushima: M, E, I)    | 31. Yamagata (Kagoshima: M, E, I)         |
| 7. Toba Ryukyu (Utsunomiya: M, E, I) | 16. Shizuoka Isen (Shizuoka: M, C, P, E, I) | 24. Isen (Fukuoka: M, E, I)           | 32. Rishi (Matsui: M, E, I)               |
| 8. Maruoka (Kawachi: M, E, I)        | 17. Matsubashi (Kawachi: M, E, I)           | 25. Baran Isen (Baran: M, E, I)       | 33. Onoda Yamagata (Onoda: M, E, I)       |
| 9. Yatsushiro (Kawachi: M, E, I)     |   |                                       |   |

## 5. TAKASHIMAYA HIGHLAND GROUP 【高島屋ハイランドグループ】

a. Takashimaya Stores: Tokyo, Kyoto, Wakayama, Sakai, Osaka, Rakurishi.

Member Stores:

- |   |   |  |  |
|---|---|--|--|
| 1. Maruoka (Senda: M)                                   | 8. Kato Takashimaya (Tachikawa: M, C, P, E, I)    | 14. Yonago (Ogaki: M, E, I)                      | 20. Oaraya Daimaru (Kawachi: M, E, I)  |
| 2. Hito Kintetsu Ryukyu (Hito: M, E, I)                 | 9. Yokohama Takashimaya (Yokohama: M, C, P, E, I) | 15. Gifu Takashimaya (Gifu: M, C, P, E, I)       | 21. Fukuoka Daimaru (Fukuoka: M, E, I) |
| 3. Kato Takashimaya (Takasaki: M, C, P, E, I)           | 10. Fujisawa Ryukyu (Kawachi: M, E, I)            | 16. Saitama Takashimaya (Saitama: M, C, P, E, I) | 22. Inari Daimaru (Inari: M, E, I)     |
| 4. Kato Takashimaya (Osaka: M, C, P, E, I)              | 11. Kintetsu Ryukyu (Kawachi: M, P, E, I)         | 17. Yamato Yamashita (Yamato: M, E, I)           | 23. Saitama Daimaru (Saitama: M, E, I) |
| 5. Kato Takashimaya (Kawachi: M, C, P, E, I)            | 12. Toyohashi Maruoka (Toyohashi: M, E, I)        | 18. Yonago Takashimaya (Yonago: M, C, P, E, I)   | 24. Saitama Daimaru (Saitama: M, E, I) |
| 6. Takashimaya Takashimaya (Takashimaya: M, C, P, E, I) | 13. Maruoka (Nagoya: M, E, I)                     | 19. Oaraya Takashimaya (Oaraya: M, C, P, E, I)   | 25. Tsuruya Ryukyu (Bannoto: M, E, I)  |
| 7. Kato Ryukyu (Tokyo: M, C, P, E, I)                   |   |  |  |

## 6. MATSUZAKAYA GROUP 【松坂屋グループ】

a. Matsuzakaya Department Stores: Tokyo (Ueno), Tokyo (Ginza), Shizuoka, Osaka, Nagoya (Sakai), Nagoya (Hiroki), Kureba, Osaka, Takaki.

Member Stores:

- |                           |   |                                |                                 |
|---------------------------|---|--------------------------------|---------------------------------|
| 1. Maruoka (Asahikawa: M) | 3. Yamagata Matsuzakaya (Yamagata: M, C, P, E, I) | 5. Fujisawa Daimaru (Tokyo: M) | 7. Fukuoka Daimaru (Fukuoka: M) |
| 2. Kintetsu (Miyazaki: M) | 4. Yokohama Matsuzakaya (Yokohama: M, C, P, E, I) | 6. Marushita (Tokushima: M)    | 8. Saitama Daimaru (Saitama: M) |

NOTE: Brackets include the location of the store and type of service provided by the group to the store.

KEY: M = Merchandise, C = Capital, P = Personnel, E = Education, I = Information.

Source: Okada (1988: pp.174-179).

this period, the reason cannot only be the restrictions of the Large Store Law.

The business of the traditional department stores is based on high price, high quality merchandise, sold in an intensive customer service environment. In times of economic growth, when consumer spending is high, as it has been since the mid-1980s, prestigious department stores do well. While such conditions continue, they feel little need to expand their existing markets within Japan in an aggressive manner.

Japanese retailing appears to have come full circle. In the 1960s and 1970s, the large superstore chains grew on the basis of 'pile-it-high, sell-it-cheap' strategies that were new to Japan. Such a development proved a serious threat to the high price strategies in department stores, and some of the older stores suffered substantial sales losses. In return, several large department stores opened new chains of supermarkets to supplement their existing businesses. Now, as Japan continues to grow in affluence, but not in land area, Japanese consumers are keen to supplement the lack of space in their homes through exciting, conspicuous consumption (*Udagawa*, 1989). The department stores have come back to prominence, realising that consumers are willing, even eager, to buy luxury items at high prices. <sup>(13)</sup>

Traditional department stores have recognised the advantages of their long history, so far preferring to concentrate on refurbishment and renewal of existing stores rather than open new outlets. This is being undertaken at a rapid pace while the consumer boom lasts (*Shōtenkai*, 1989; *Shūkan Daiyamondo*, 1987a: 1989g). One consequential development is the increasing number of niche speciality tenants that are opening within department stores. Few stores do not include branches of Ralph Lauren and Christian Dior for example. These tenants provide an extension to the store's existing image of high quality while being responsible for their own merchandise, and so presenting little added risk for the store.

One area where the traditional stores have proved to be relatively aggressive is in their international strategies, especially those involving



direct imports and opening of branches overseas. There were well over 50 overseas branches of Japanese department stores in 1988 with many more buying offices (*Okada*, 1988: pp.180-1). The London branch of Mitsukoshi is famous for taking 13% of all Japanese tourist spending in Britain, with a turnover of £24.5 million (*Economist*, 1989x).

Traditional department stores are heavily involved in direct imports (*MITI*, 1987a: pp.87-90: 1989a: pp.12-13). Several companies operate development import schemes with countries in South East Asia, and account for 3.8% of all development imports to Japan (*MITI*, 1989a: p.39). Parallel imports of goods usually handled by wholesalers and special agents also have the advantage of providing increased margins.

These are two examples of progressive expansion in the traditional department store sector. Traditional department stores are at the top of the retail hierarchy in terms of their status. It appears, however, that their share of the retail market is slowly declining (*Nikkei Ryūtsū Shinbun*, 1989c: p.333). While Japanese consumers continue to grow in affluence, department stores need not look to change their traditional ways. They enjoy the protection of the Large Store Law at present, but if the level of competition between large retailers in Japan increases further, the traditional stores may need to rethink their business strategy seriously.

#### 4.5.3 NON-TRADITIONAL DEPARTMENT STORES

Not all Japanese department stores have such a long history. The new generation of department stores originated as branches of large private railway groups. They first became involved with retailing as early as the 1920s, when Tokyu opened their first store. These companies based their move into retailing on the strength of their considerable holdings of land. In addition, by linking their stores into their own rail networks, they are able to maintain an almost guaranteed customer flow. For this reason, the majority of 'non-traditional'

department stores are built within or above railway terminals. Consequently, a frequently used term for this type of store is the 'terminal department store' [ターミナル・デパート].

A few very successful companies, notably Seibu and Tokyu, now operate separate, powerful retail organisations in addition to their transport businesses, but these are the exceptions. The other major terminal department stores are Odakyu, Tobu (both Tokyo based companies), Sotetsu (Yokohama), Meitetsu (Nagoya), and Kintetsu, Hanshin and Hankyu (Kansai area). These companies still rely heavily on customer traffic generated through key rail nodes.

The terminal department stores now pursue a far more aggressive policy of store expansion than their traditional rivals. Most of the rail companies are equally involved in supermarket or superstore retailing in addition to their department stores. Based around their own transportation networks, several, including Seibu, Sotetsu and Meitetsu have developed complete residential housing areas, which include comprehensive retail facilities (Honna, 1989). Key examples include Seibu's *Hikarigaoka* complex along Seibu rail lines to the west of Tokyo, and Meitetsu's developments in Ichinomiya and other cities to the north of Nagoya.

Within these groupings the degree of coherence between retail and other operations varies greatly. In some, for example Meitetsu and Sotetsu, the various functions of real estate, transportation and retailing are totally amalgamated. In others, like Tokyu, the strength of the retail operation is such that it is independent of the transport company, but cooperation is profitable to both.

Seibu Saison Group, Japan's largest retail conglomerate, however, is now totally separate from *Seibu Tetsudō*, the rail and leisure company. Having been built by a single founder, the two groups were split between his two sons (Asō, 1985: pp.210-223; Economist, 1988h: 1988i). This does not make Seibu a special case. The cohesion of the original group meant that stores are still located



near to Seibu rail links. Their main department stores are nearly all terminal stores, but the number of Seibu stores that are built away from rail nodes is probably greater than for other companies.

Taking the large number of regional stores into account, traditional department stores outnumber terminal department stores overall. Of the 371 or so department stores in Japan, around 70 are terminal outlets.

#### 4.5.4 DEPARTMENT STORES AND JAPANESE CONSUMERS

For the consumer, department stores are distinguished from the new, large superstores by their size and the extent of the goods and services that they provide. In terms of turnover per store, department stores are considerably larger. In 1987, the Sendai branch of Daiei was the most successful superstore with sales of ¥20.1 billion. In the same year, considering only listed companies, 61 department stores across Japan achieved better turnover (*Nikkei Ryūtsū Shinbun*, 1989c: pp.458-461). Department stores also maintain far higher sales per square metre, and even match superstores in terms of sales per employee.

From the point of view of the Japanese consumer, Japanese department stores have two key characteristics:

(1) **MERCHANDISE RANGE AND VARIETY:** Japanese department stores carry a very large range of merchandise, from convenience/ non-discretionary goods such as basic foods and vegetables, to luxury shopping items like uncut diamonds or imported Rolls Royce cars. With few exceptions, these goods are sold exclusively on a full list price basis. Department stores stock thousands of lines and several 100,000 different products per store. These are spread, typically, over eight or more floors, including one or more underground basement floors. For example, the Isetan main store in Shinjuku, Tokyo, carries over 150,000 products in its two food basement floors alone.

(2) **CUSTOMER SERVICES:** In addition to physical merchandise, Japanese department stores provide a full-range of customer services. Stores are

personal service intensive involving between 500 and 5,000 sales assistants, elevator operators, information desks, store guides, interpreters, wash room attendants, wrapping specialists, floor walkers, porters and so on.

Most stores provide a wide range of consumer services:

- Customers are given a high degree of freedom to return poor quality or merely undesired goods
- Extensive credit services are available, with most stores offering discounts (usually 5%) when the store's own card is used
- Free delivery of large items within a reasonable distance of the store and provision of delivery services to anywhere in Japan on request (the latter is also free in some cases)
- Full wrapping services are provided for each and every purchase using the store's own wrapping paper and accessories, thus marking the product with the prestige of the store
- A range of cultural, entertainment and professional services including community centres, evening classes, insurance sales, mortgages, in-store cinemas and concert halls, ticket booking offices, travel agents, cleaning and many others

Figure 4.3 provides an illustration of the range of services available at a number of Japanese department stores. This figure was originally produced by the Seibu Saison Group for promotional purposes. Seibu have been especially keen to present stores where the customer can buy anything they could possibly dream of, including the services to go with the merchandise. This, they dubbed, the 'Total Life Concept' (Asō, 1985: pp.210-212; Seibu Saison Group, 1989), is now a strategy employed by most major department stores (MITI, 1989a: pp.270-271).

#### 4.5.5 THE STATUS ROLE OF JAPANESE DEPARTMENT STORES

The social status of Japanese department stores can be clearly seen in two physical aspects of the service they provide.



FIGURE 4.3

## SERVICES OFFERED BY MAJOR JAPANESE RETAILERS

	SERVICE	DEP'T STORES							SUPERSTORES						
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
FOOD	Food Delivery	*	*						*		*				
	Made to Order Lunch Boxes	*	*	*	*	*		*	*		*				
	Catering	*	*	*		*		*			*				
	Wine Storage	*		*	*			*							
APPAREL	Garment Rental	*	*	*		*		*	*						*
	Remodelling of clothes	*	*	*	*	*		*	*	*	*	*	*	*	*
	Storage/Cleaning	*	*	*	*			*	*	*		*	*	*	*
	Made to Order	*	*	*	*	*	*	*	*	*					*
HOUSING	Renovation	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Maintenance	*	*	*	*	*		*	*	*	*		*	*	*
	Cleaning	*	*	*	*	*	*	*	*	*		*	*	*	*
	Security Systems							*	*						
	Housing/Real Estate	*	*	*	*			*	*	*		*	*	*	*
	Storage	*			*			*							
HOME SERVICE	Buying Agent	*	*						*						
	Moving Service	*		*		*		*	*	*	*	*	*	*	*
	Welfare & Goods rental	*		*	*				*		*		*		
	Home nursing	*													
FINANCE	Credit/Cash cards	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Loan	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Joint major credit cards	*	*	*	*	*		*	*	*	*	*	*	*	*
	Mortgage Securities	*							*	*					
	Bond Securities	*		*					*	*					
	Insurance	*	*	*	*	*	*	*	*	*	*	*	*	*	*
EDUCATIONAL & CULTURE SERVICES	Culture school	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Correspondence school	*							*						
	Private Cram Tutor	*							*						
	Nursery school	*	*					*	*	*	*		*	*	
	Word processing	*	*					*	*	*	*		*	*	
	Educational goods rental	*						*	*					*	
	Healthy living consultant	*	*		*				*	*	*	*	*	*	
LEISURE & ENTERTAINM'T SERVICES	Ticket sales	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Party organisers	*	*	*	*	*		*	*			*		*	
	Musician dispatch	*													
	Home photo service	*	*					*					*		
	Event production	*	*	*				*				*			
	Travel Agency	*	*		*	*	*	*	*	*	*	*	*	*	*
	Leisure/Entertainment Rental	*	*	*				*	*				*		
	Wrapping Service	*	*	*	*	*		*	*	*	*	*	*	*	*
	Pet Beauty Salon/Funeral Parlour	*	*	*	*	*			*	*					*
	Television shopping service	*	*	*		*	*		*	*	*	*	*	*	*
INFORMATION SERVICES	Bank debit by IC/POS cards	*	*	*	*	*		*	*	*	*	*	*	*	*
	Computer dating service	*	*						*	*	*	*			
	Overseas mail order	*							*						
INTERNAT'NAL SERVICES	Overseas real estate	*							*						
	International credit cards	*			*				*						
	Lunch box catering	*	*	*				*	*						*
BUSINESS SERVICES	OA rental/leasing	*	*	*				*	*			*			
	Office supplies rental	*	*	*					*			*			
	Computer translation	*							*						
	Investment consultancy	*	*						*						
	Temporary secretarial service	*							*						

Note: Companies are not identified in the original source, but (a) is Seibu Department Stores, and (h) is Seiyu Superstores.

Source: Adapted from Fukuda (1988).

Gift giving is an important social custom in Japan. Choosing the right gift is difficult, but the process is made easier by choosing the right store. Department stores, with their own high social status, provide a full gift service. Consumers are able to demonstrate their own status, and the status of the recipient as they perceive it, by the correct choice of item and the correct place of purchase. Gift giving is considered in some detail in chapter 6.

Secondly, department stores provide large bulk purchasing services for corporate customers. Again, this is especially important during the twice yearly formal gift-giving seasons in July and December, but companies often use department stores when they make various bulk purchases of semi-consumer goods such as stationary and office fittings. These large purchases are handled by a special section found in all Japanese department stores: the '*Gaishō*' [外商]. This is an important, traditional part of Japanese department store retailing that is little known outside Japan.

From the time of the original *kimono* stores of a hundred years ago, valued regular customers were given store accounts, and sales made by the retailer visiting the customer's home with cloth samples (*Takaoka and Koyama, 1970: pp.86-7*). The *Gaishō* business expanded to include the whole range of merchandise available through the store. Before the war, competition between the then maturing department store business reached a peak. Tokyo stores sent their *Gaishō* salesmen all over Japan, competing with local stores as well as with each other.

From these origins, *Gaishō* departments (literally, 'out-sales') now offer a range of services to individual and corporate customers who use the store regularly. Companies make bulk purchases of bi-annual gifts, quantities of small items to be used as promotional give-aways, office materials and equipment, business machines and uniforms and so on. Local government offices often rely on department stores in the same way for office materials and uniforms, and many large high schools have contracts with particular department stores to supply their uniforms on an exclusive basis.



On the other hand, individual accounts are less important, and are generally limited to long standing family accounts. Very often these individual accounts are also linked to small family businesses. Most major department stores are willing to visit individual homes to sell particularly high value goods such as *kimono*, precious stones and metals, paintings, and furniture. Many stores have a list of particularly wealthy customers to whom they will make regular visits in order to make sales, and to maintain the personal contact with the family.

The *Gaishō* departments organise promotional events as part of their business. One example are 'Special Invitation Exhibition Sales' or *Tenji Sokubai kai* [展示即売会] (*Takaoka and Koyama*, 1970: pp.86-87). These invitation only promotions are frequently held in major hotels, with *kimono*, jewellery, antiques and paintings being popular items for display.

Occasionally, *Gaishō* departments are employed to find, secure and furnish new apartment buildings or company offices for fairly wealthy families or companies acting for their executive managers.

For the customers, *Gaishō* provide an easy means to make bulk or high value purchases. In addition, department store operations are large enough to provide a high degree of reliability. Modern superstores could offer similar services, but they lack the status and traditional trustworthiness of the department stores. In the case of regular custom and bulk purchases, many stores further strengthen this patronage by providing discounts to long standing *Gaishō* customers.

The importance of *Gaishō* to department stores is made clear through the proportion of total sales for which it accounts. As the main customers are businesses, the volume of *Gaishō* is heavily affected by fluctuations in the economic climate, but, on average, around 30% of total sales comes from this section (*Okada*, 1988: p.125). For the store it is an easy way of increasing overall turnover and sales per employee.

The basis of long term relationships in *Gaishō* sales is not necessarily an advantage for stores. On this basis of trust, the majority of sales are made on

credit, and it is the stores who usually have to take the burden of interest. Many clients also expect discounts to be offered. Where a bulk purchase is involved, this is not a problem, but many stores find themselves providing small discounts for even minor *Gaishō* transactions (*Okada*, 1988: p.125). This does not mean the store makes a loss, but it does reduce profit margins.

#### 4.5.6 SUMMARY: DEPARTMENT STORES IN JAPAN

Japanese department stores are a key sector in Japanese retailing. In their operation, department store companies tend towards conservatism. While the most important retail sector in terms of social status, it is the oldest sector, with the least modern retail operation. While the economic climate remains good, department stores will prosper, but they must beware of falling behind expansion and modernisation in other sectors. The high value added, and apparently high prestige role of department stores makes them excellent subjects for a study of consumer perceptions because of the relatively higher profile of these stores for consumers in general. Department stores are the most prominent of the subject stores employed in the empirical research undertaken below.

#### 4.6 SUPERSTORES AND LARGE SUPERMARKETS

##### 4.6.1 DEFINITIONS AND TERMINOLOGY

Department stores continue to have status, but superstore chains have had the highest turnover for over 18 years. In terms of operation, superstores and supermarkets are similar to large food based retail chains in the West. Again, as with department stores, there are a number of informal definitions, but, taken alone, few of these are completely satisfactory. *Tajima* (1980) presents definitions suggested by the Japan Academic Society of Commerce:

- "A SUPERSTORE is, in principle, a large sales volume store



selling predominantly non-food items such as daily clothing, daily necessities (and household goods), and which offers low prices and self-service. ['Superstore'] is a term peculiar to Japan, and, in terms of operation, is virtually identical to that of a supermarket, but has a larger sales area providing a wider range of goods. . ."

"A SUPERMARKET is a general food retailer which (1) employs a self-service format, (2) supplies merchandise based upon on general foodstuffs, fresh meat, vegetables, dairy products and fish, (3) has sales per outlet of ¥100 million or more, and (4) is organised into separate product sections." (14)

(Tajima, 1980: pp.63-64)

Unlike the definitions employed commonly in the UK, no quantitative reference is given for the floor size of such outlets, and, as described above, the Census of Commerce does not greatly distinguish between large superstores and department stores. The main differences are in price and quality of the merchandise stocked. As Tajima suggests, superstores are generally, cheaper, lower quality stores, but this situation is changing as superstores take advantage of the recent strong demand for luxury goods. In terms of the sophistication of merchandise and cleanliness of the store interior, superstores fall between the the department store at one end of the scale, and the few existing discount stores at the other.

No formal Japanese word for superstore or supermarket is in common use. The nearest is 'Ryōhanten' [量販店], the literal translation of which is, "mass sales store", but such a term is frequently used to refer to any large store, including department stores. In the same way that a 'department store' has become 'Depāto' in Japanese, the term 'Sūpā' [スーパー] has entered the language to refer to super-stores (sūpā-sutoa [スーパーストア]) and super-markets (sūpā-māketto [スーパーマーケット]). As with thousands of loan words which have entered Japanese, the term sūpā is given a meaning that goes beyond the original English. 'Sūpā' can be used to refer to any kind of superstore or supermarket, and occasionally, in colloquial Japanese, to convenience stores, clothing stores and so on. As Tajima notes:

"At present in Japan, both supermarkets and superstores are simply referred to as 'sūpā's, and it is becoming common to

refer to various types [of *supā*] depending on the predominant product line stocked, such as Food *Supās*, Clothing *Supās*, General *Supās* and so on." <sup>(15)</sup>

(Tajima, 1980: p.64)

'*Supā*' is clearly a convenient term. With the growth of various similar types of chain store over the past twenty years, many such companies are commonly denoted as *supā* operations. Only the very largest of these companies operate superstores; the vast majority of *supās* are small food-based supermarkets.

One factor the majority of *supā* have got in common, and which distinguishes them from department stores, is their operation as chain stores. Many Japanese superstores and supermarkets are members of the Japan Chain Store Association.

<sup>(16)</sup> Membership is restricted to incorporated retail businesses, operating 11 or more stores, and having total annual sales in excess of ¥1 billion. On this basis, only two of the major department store chains, Mitsukoshi (14 stores) and Seibu (12 stores) would qualify as most department store chains have too few stores.

Taking the definitions presented by Tajima, and the other points raised above, this sector of the industry will be considered below in the following two categories:

A SUPERSTORE is a large, predominantly self-service store which is classified as a 1st Rank store under the Large Store Law. It will be part of a company chain of stores numbering 11 or more in total. Superstores carry a wide range of non-luxury household merchandise and food, with the latter accounting for no more than 40% of total sales.

A SUPERMARKET is a self-service store of no specific size, but usually under 1,500 sq.m., which operates either as a single outlet or in a chain of outlets. The merchandise assortment will consist of over 40% food items, with the majority of the other 60% being accounted for by basic household goods.

#### 4.6.2 SUPERSTORES IN JAPAN

Superstore chains include some of the largest retail groups in Japan.



Several of the groups operate a wide range of retail formats, but the core business in each group are its superstores. In the latter half of the 1980s, to avoid the costs involved with traversing the Large Store Law, these groups opened more small format chains, including convenience stores, and speciality stores. In the 1990s, as the government seriously considers deregulation, these large companies are increasing the number of applications for new stores (see chapter 2).

Superstores are the new large retailers in Japan, but the structure of the superstore sector is similar to that for department stores: a few national chains run by the largest companies, and several smaller companies operating over more limited geographical areas. With advances in the quality of superstore buildings and merchandise, the remaining difference between the largest new superstores and department stores is the reliance of superstores on self-service.

Only three companies can be accurately said to have national chains of stores. These are Daiei, Seiyu and Jusco.

The Daiei group is large and diversified, including large credit and insurance operations. The 189 Daiei stores that account for the statistics presented above in table 4.8 are nearly all major superstores. Daiei has the most comprehensive geographical coverage of stores among the major retailers. Many of their stores are relatively old, dating from before the Large Store Law changes of 1974. They range in size from the 16,369 sq.m. Niigata branch (opened 1973) to the 711 sq.m. Takaratsuka branch (opened 1963) (*Nihon Chōen Sutoa Kyōkai*, 1988).

In terms of overall group turnover Seibu Saison Group overtook Daiei in 1989, but prior to this Daiei had been the largest retail group in Japan for over 10 years. In 1988, Daiei had overall sales of ¥3.9 trillion spread among 155 companies (*Nikkei Ryūtsū Shinbun*, 1989c: p.357). The group controls by far the greatest floor space of all the retail companies with 1.3 million square metres in May 1989 (*Nikkei Ryūtsū Shinbun*, 1989c: p.562). Daiei stores were considered

in all subject cities employed in the survey undertaken for this research.

The Seiyu and Jusco chains are the only others to extend throughout Japan. Both companies are made up of several chains of stores in different geographical locations. Seiyu is split between Seiyu (Kanto), Kansai Seiyu and Nagano Seiyu. The Jusco group has around 170 affiliated companies, but, like Seiyu, Jusco superstores alone are split between a number of separate, regional organisations. Unlike Daiei, neither Jusco nor Seiyu is the central company of a corporate group; Seiyu is part of the Seibu Saison Group, while Jusco is a large group of companies under the Jusco name which have varying degrees of affiliation to the central operator.<sup>(17)</sup> In both of these chains, the proportion of food based supermarkets is greater than in the case of Daiei. These tend to be the smaller, older stores, with larger superstores being new or recently refurbished outlets.

Seiyu outlets range in size of sales floor space from 160 sq.m. (Nagahama store, opened 1984)<sup>(18)</sup> to 21,500 sq.m. (*Hikarigaoka* shopping complex in Tokyo, opened 1987). A recent Seiyu strategy has been to use the name 'Seibu' (ie. the name of the department stores in the same retail group) on many of their new or refurbished stores, in order to enhance a 'department store' atmosphere (*Gekiryū*, 1988). The *Hikarigaoka* store is a case in point, but other examples exist in Omiya (Saitama Prefecture), and Kasugai (Aichi). The 'Seibu' store which appears in the survey in Mito is a further example (see chapter 7).

Historically, the majority of Jusco stores began as supermarkets in independent regional chains. The group has grown through a series of mergers and affiliations, amalgamating these smaller chains into a single national group. More recently, in line with industry trends in general, the group has moved towards larger superstore type outlets. The new 90,000 sq.m. 'Noa' shopping and sports complex in Noda City (open November 1989) is a good example. The complex is part of the affiliated Ogiya Jusco company, and has 22,400 sq.m. of sales space including 100 tenants that account for around a quarter of the total (*Hambai Kakushin*, 1989; Tanaka, 1990). Previously, their largest store was the



Chiba branch of Ogiya Jusco (one of the affiliated companies) with floor space of 17,157 sq.m..

The other major superstore companies operate in certain geographical areas, with small numbers of stores spreading further afield. The three largest semi-national corporations are Ito-Yokado (Tokyo and northern Japan), Nichii (Kansai and southern Japan), and Uny (Aichi prefecture and Kanto). All three were in the top ten sales rankings until Uny dropped to 11th in 1989.

Ito-Yokado is one of Japan's most progressive retail groups. Their non-superstore operations, notably the Seven-Eleven convenience stores and Denny's restaurants, are nationwide, but Ito-Yokado superstores are found mainly in the Tokyo area, as are the group's Daikuma discount store chain and the Robinson Department Stores. A strong management base and goal orientated strategy has brought good results, making Ito-Yokado the most profitable retail company in Japan, both in terms of operating profit. Second to Daiei, Ito-Yokado had 1 million square metres of sales floor space in 1989, but the average store size of the company's 135 superstore outlets is 7,480 sq.m., considerably larger than the other superstore retailers (*Nikkei Ryutsu Shinbun*, 1989c: p.537). The company has a reputation for high quality, to the extent that their newer stores are similar to department stores in merchandise assortment and pricing.

Ito-Yokado are pioneers in other ways as well. In 1979, they were the first company to employ a value-added network in retailing in Japan, and, beginning in 1982, claim to be the first company in the world to have employed POS data for merchandising purposes (Seven-Eleven, 1989b: pp.9-10). Today the corporation produces some of the most advanced distribution related computer hardware and software in the world. Their policy towards physical distribution and control of suppliers is also progressive by Japanese standards. The company is unconcerned about demanding high standards and particular services from their suppliers, even cutting suppliers from their network for under-performance.

Nichii and Uny are smaller operations. Nichii, like Daiei, is a Kansai based company. In recent years, the company has been seeking to diversify out of low-

grade supermarkets and small scale stores into large retail developments. The thrust of these developments has even taken them away from superstores and into high value added retailing such as fashion and personal goods. Their newest development is the large 'MY-CAL' shopping complex at Honmoku in southern Yokohama. This 120,000 sq.m. floor space complex was opened in April 1989, and includes seven main buildings housing 240 tenants. Projected annual sales were ¥32 billion when the centre was opened (*Hambai Kakushin*, 1989). The concept is a so-called 'shopping town' based on the Seibu *Tsukashin* development in Hyogo Prefecture. It has a highly innovative design, and received a great deal of publicity. The location, however, is several kilometres south of Yokohama city centre with no convenient means of access on public transport. Consequently, the complex may have to survive mainly on novelty value until a new subway or private railway line is built. The Nichii group as a whole is aiming for sales of ¥2 trillion by 1993, roughly equivalent to Daiei's 1989 turnover, and the main arm of their strategy rests with opening 14 to 15 such shopping towns around Japan (*Itō*, 1989; *Kimura*, 1989).

Uny has a successful core business in the retailing of food and daily household goods in superstore outlets. Although 84 of the 133 Uny stores are concentrated in the Nagoya area, the company maintains a wide range of retail formats (*Nihon Chōen Sutoa Kyōkai*, 1988: pp.430-435). At the centre of these are the two superstore chains Uny and Apita. The basic Uny superstores bear resemblance to Daiei outlets, many dating from the early 1970s, and including several large, seven storey structures over 10,000 sq.m..

Apita is basically another superstore chain within the Uny group with a similar size and merchandise range to the Uny superstores, but with a more modern store design, and a greater emphasis on high grade household items. Recently, the group has been expanding into speciality fashion chains such as the Rough Ox (*Rafokkusu* [ラフォックス]) and the Belle Femme clothing chains.

Japanese superstores have a depth of merchandise and are of a size which clearly and increasingly rivals department stores. The majority of groups are



moving away from high volume, low price retailing into areas where these companies can build larger profit margins. Since the 1974 and 1979 oil shocks, superstore groups have changed their strategy totally. Despite various restrictions and limitations, notably from the Large Store Law, the number of superstores and large supermarkets has grown steadily throughout Japan. Today, the majority of shoppers have at least one superstore within a reasonable distance of their home.

In large cities most superstores are confined to the suburbs, with central shopping districts being dominated by department stores, and there are few exceptions to this rule. Daiei has stores in the centre of Yokohama and Nagoya, but no other superstores exist in central locations in such large cities. There are no superstores in the centre of Tokyo.

In smaller cities where the regional department stores are weak, large superstores have been able to move into central locations, often capturing a large share of the local retail market as a result. In some cases, superstores have replaced regional department stores as the city's dominant retailers. Whereas regional department stores have limited trading areas, large superstore operators have considerable competitive strength due to their considerable buying power and greater range of management expertise and ability. It was as a consequence of this dominance by chain store retailers in some medium and small regional cities that the Large Store Law was extended in 1982 (see chapter 2).

Increasingly, large superstores are being given independence from central management control. The size and market area of most superstores allows scope for the development of individual store character. The majority of stores appear to have relatively undisputed markets, but whether in order to compete with another store or simply to stimulate customer flow, single store autonomy is seen as an effective strategy. The majority of stores carry out their own merchandise planning, and set many of their own pricing policies. Even buying of some merchandise is carried out at the store level. The responsibility of the head office is reduced, but remains concerned with buying national brands,

store layout and interior quality, and the overall operational efficiency of the store.

Towards the end of the 1980s, there was some worry that the superstore sector of retailing was on the point of stagnation (*Akamatsu*, 1989; *Honma*, 1989; *Mori et al.*, 1989). Restrictive legislation on store openings and the high cost of buying or renting suitable new sites makes the opening of new stores difficult and costly. Competition, while never fierce within the superstore sector itself, is not increasing. It is rare for one superstore to compete directly with another, because of the many restrictions on new store openings, and because many companies actively avoid this situation. Where direct competition does exist, efforts are often made to differentiate stores in terms of appearance, cleanliness and customer service within the store. Differentiation of merchandise has only developed more recently with the consumer boom of the 1980s.

Both the Large Store Law and, to a large extent, the price of land are in the hands of the Japanese government. Should legislative changes come about, the current sluggish advance of superstore retailing in Japan could change dramatically. Even if the Large Store Law were to be abolished without any move to stabilise and reduce land prices, the number of superstores would probably expand greatly. Already it has been noted that the number of applications for new stores increased during 1989 and 1990.

The current competitive environment between superstores and other retail formats looks set to be intensified. For a brief period at least, competition between superstores themselves would be fierce. In the short term, rapid changes in Japanese distribution may be the result. Many aspects of present day Japanese distribution would be permanently lost, including a large number of independent wholesalers and retailers and many weaker department stores.

Without some change in the current restrictive environment, superstores will continue to find expansion a slow and difficult process in the next ten years. It seems likely that there will be some deregulation in the industry in the



early 1990s, but even if this does not occur, the superstore sector will continue to up-grade its store facilities and provision of customer services until they all but become department stores in <sup>the</sup> eyes of consumers.

#### 4.6.3 SUPERMARKETS

The first self-service, mixed merchandise supermarket in Japan was Kinokuniya, opened in the fashionable Aoyama area of Tokyo in 1953 (*Orihashi*, 1988: pp.53-55; *MITI*, 1989a: p.276). This store still exists. It was targeted to catch the high spending ex-patriot, American community in Tokyo, and today, the store's clientele still include a large proportion of high earning ex-patriots of various nationalities. Kinokuniya, however, is not an average Japanese supermarket. It is very expensive, stocks only very high quality merchandise, and, although it takes a basically self-service format, customer service is intensive, even to the extent of providing a member of staff to carry a customer's shopping baskets on request.

In the mid-1950s the American supermarket operator Safeway, in partnership with the Sumitomo Trading Company, opened a small number of supermarkets in and around Tokyo - notably in Setagaya and Funabashi. At the time, customer disinterest and low levels of affluence caused the stores to fail, and they closed after only a short period (*MITI*, 1989a: pp.275-276). The first successful supermarket chains appeared in the early 1960s at a time when consumers were at last breaking away from post war hardships.

Today Japanese supermarkets provide a wide range of foodstuffs gathered within a single store. There are several differences between Japanese supermarkets and those in the West. Japanese supermarkets tend to be smaller than Western outlets. In addition, the volume of fresh fish is noticeably larger, and there is greater use of space intensive chilled display cabinets for example.

Being smaller than superstores, a supermarket's commercial area is narrower and more clearly defined. Many are built within or near to residential housing

estates or large apartment blocks. There is, however, probably more competition between supermarkets than is the case in the superstore sector. This is because of the larger number of outlets overall - around 20,000 (Sōmuchō, 1988: p.139), and the comparative ease of opening new stores.

The importance of fresh produce for the Japanese consumer is predominant in food shopping, and a key point of competition between supermarkets. Newer stores in large chain operations have a distinct advantage in being able to supply a range of goods from a greater geographical area, and are able to employ more sophisticated buying and distribution facilities. Larger operations maintain direct contracts with local or regional producers to supply either their chains as a whole, or particular groups of stores within a single geographical region (MITI, 1989a: pp.277-279).

As in the superstore sector, recent trends in the supermarket industry have been greatly influenced by the Large Store Law. Up until the revision of the Law in 1979, companies were able to open supermarkets up to 1,499 sq.m.. Many of these stores have been refurbished and altered to carry a greater range of merchandise. Since the 1979 changes, supermarkets have either been squeezed into small formats below 500 sq.m., or amalgamated into superstores or shopping complexes as the food sections of each. Some supermarket operations, including many stores in the chains of Jusco, Uny, Chujitsuya and others, have expanded their operations into the superstore business to gain the benefits of scale and to make the costs of traversing the Large Store Law more worthwhile. Stores now stock a greater number of household goods in addition to a core of food products. Some supermarkets have been expanded to include a second floor selling mainly womens' and childrens' clothing, and a few larger household items (Maruetsu, 1989).

The new, large, suburban stores aim to provide as much car parking space as possible. Car parking either surrounds the store or is located on the roof. Few such stores exist in and around the Tokyo and Osaka areas because of the scarcity of land and congestion on road systems, particularly at weekends. The majority of these large outlets are located away from these major conurbations.



TABLE 4.10

TOP TEN FOOD BASED SUPERMARKET CHAINS BY TURNOVER 1989

COMPANY	MAIN TRADING AREA	SALES (¥ mn.)	%Δ	OPERATING PROFIT (¥ mn.)	STORE NUMBERS
1. Maruetsu	Tokyo	272,179	4.4	7,604	176
2. Life Stores	Osaka	145,992	6.2	3,302	71
3. Inageya	Tokyo	134,413	8.0	4,512	101
4. York Benimaru	Fukushima	133,346	14.1	6,936	55
5. Tobu Store	Tokyo	114,964	5.9	2,381	54
6. Daimaru Peacock	Osaka	109,851	3.5	1,631	47
7. Sotetsu Rozen	Kanagawa	99,710	6.1	1,356	82
8. Kasumi	Ibaragi	84,887	▽ 0.4	2,612	68
9. Summit Stores	Tokyo	77,676	13.1	1,508	51
10. Taiyo	Kagoshima	71,419	2.2	1,966	62

Notes: ▽ = Negative growth.

Operating Profit refers to gross profit before tax.

Source: Compiled from *Nikkei Ryūtsū Shinbun* (1990b) and *Maruetsu* (1989: p.4).

Despite the existing trend towards greater diversification, there are still a number of chains that maintain a predominantly supermarket format in the majority of their stores. These are called *Shokuhin Sūpā* [食品スーパー], or foodstuff supermarkets (table 4.10).

The largest supermarket chain in Japan is Maruetsu, which had 178 stores in 1989, all located in and around Tokyo. The chain is currently undergoing a major review of its overall strategy (*Nihon Chōen Sutoa Gurafu*, 1988), and is one of the several targets of the *Shūwa* corporation described in chapter 2. Since 1982, Maruetsu has been a member of Daiei's buying system, Daiei being the main share holder with 12.86% of issued stock. Restricted by the Law, Maruetsu is not expanding as quickly as it would like, but their reliance on Daiei for many of their packaged food supplies places the company in a tenuous position whether or not the Law is revised.

The second largest supermarket is Life Stores; another company involved with the *Shūwa* affair. If the amalgamation of the chain with Inageya and Chujitsuya had been successful, they would have become the largest food based retailer in Japan (*Shūkan Daiyamondo*, 1989f; Suzuki, T. 1990b). It is probable that similar takeovers will be attempted in the near future as it is one of the few options available for rapid expansion.

## 4.7 FASHION BUILDINGS, SHOPPING MALLS AND SHOPPING CENTRES

### 4.7.1 FASHION BUILDINGS

Japanese 'fashion buildings' are speciality shopping centres. These retailers are distinguished in Japan, however, by the overall number and nationwide occurrence in big and small city alike. Arguably, their origins arise from the traditional organisation of small Japanese stores into street associations (*shōtengai*) and the existing and growing penchant for speciality stores to operate as tenants within large retail outlets. These reasons are



coupled with the economic difficulty of opening small scale outlets in city centre locations when land is so expensive and in such great demand.

Fashion buildings feature prominently in the study described in chapters 7 to 10. The Japanese derived term fashion building (*fasshon biru* [ファッションビル]) is accurate and useful. In the Japanese literature, these outlets are simply included with all forms of shopping centre. Fashion buildings are speciality shopping centres, with a strong merchandise bias towards fashion apparel, and can be clearly distinguished from other types of shopping centre in a number of ways. In Japan, general shopping centres exist, but are fewer, larger, often split between a number of buildings on a single site, and include a large, dominant tenant or tenants. Fashion buildings are a clearly distinguishable retail format, and are very numerous in Japan.

A fashion building is a single architectural structure designed and built to be occupied by a number of relatively small scale tenant stores. The building will be a multi-storey structure, and located on a prime city centre site. There is no single dominant tenant. Tenants provide a range of merchandise, with around 60% of sales accounted for by fashion and variety goods. Many include food retailers, and the majority have a number of restaurant tenants. The tenant mix will define the building's target clientele.

This definition is based on the observable characteristics of the majority of Japanese fashion buildings, and it allows fashion buildings to be clearly distinguished from general shopping centres. Fashion buildings are multi-storey outlets, usually with at least four floors. Many are located close to department stores at the very centre of cities. This means that few require extensive parking facilities as they are easily reached using public transport. In terms of merchandise, fashion buildings bear some resemblance to department stores. By varying the tenant mix, some buildings are more down market with less famous brand tenants, for example Joinus in Yokohama, and others represent the most exclusive retailing in Japan, like Fuji TV Building and The Stage in Nagoya.

Outside Tokyo, fashion buildings are very commonly found above or next to main railway stations. Yokohama station has five fashion buildings built above

or immediately adjacent to the station itself (see chapter 7). Fashion buildings are found above stations all over Japan, including Mito, Omiya, Matsue, Morioka, and Sendai. In a number of cities, fashion buildings have been built above railway stations as a form of regional development. The majority of Japanese cities now have at least some kind of shopping facility available under, above or around the central station, fashion buildings being the most common. Whether the station operates as a commuting point or a departure point, <sup>(19)</sup> terminus located fashion buildings tend to have a larger number of food and household items than most city centre buildings.

The layout of fashion buildings bears some resemblance to a department store, rising from food floors, through fashion goods, variety goods and finally restaurants at the top. The basic format is of 'stores within a store'.

Tenants are most commonly speciality stores, including national and local brand chains. Many of the fashion boutiques are operated by the major apparel manufacturer / wholesalers such as Renown (*Renawn*) and World (*Wārudo*). Each boutique typically is restricted to a single brand, meaning that a single supplier may operate several stores in one building. Accurate figures are unavailable, but it is probable that a small number of companies including Renown, World, *Faibu Fokkusu*, Itokin, Nicole and Bigi control a relatively large proportion of fashion building tenants in Japan.

*Kojima* (1985) provides some indication of the number of stores operated by major design groups in the mid-1980s. *Faibu Fokkusu* had some 323 stores (of which at least 84 were tenant stores: *Kojima*, 1985: pp.67-71); Bigi Group maintained 775 stores (pp.126-127); and World had 1,550 franchise stores alone (p.216). Each group of stores is split between franchise and directly operated stores, free standing stores and tenants, and across a number of fashion brands. For these reasons they do not appear as single chains within the standard figures for speciality stores (see section 4.3.2).

The second largest group of tenants are specialist variety retailers selling toys, accessories, stationery, records and tapes, posters and general gimmick



merchandise. Many buildings include at least one bookseller, and some have a number of services such as opticians, theatre guides, fortune telling and hairdressing. The restaurants found on the top floor or floors also enter on a tenant basis. A mixture of various food types is provided, with both Japanese and Japanese-Western food. The largest fashion buildings also include a number of speciality food stores. These are located on the ground floor or in a basement. They often include famous brands of Japanese teas, coffee, cakes, Japanese confectionary and some fresh foods, most notably, fish. Some buildings include fast food chains, bakeries or ice cream parlours. These are found in the basement or with the rest of the food tenants rather than on the top floors with the restaurants. Larger fashion buildings sometimes include sports and leisure facilities, particularly aerobics, weight training, sauna, culture centre and swimming pool.

#### 4.7.2 FASHION BUILDING OPERATORS

The Japan Shopping Centre Association <sup>(20)</sup> does not distinguish between 'shopping centres' and fashion buildings (ie. speciality shopping centres). <sup>(21)</sup> Taken together, there were 1,344 fashion buildings and shopping centres in 1988 (*Nihon Shoppingu Sentā Kyōkai*, 1989). <sup>(22)</sup> The geographical spread of these outlets is shown in figure 4.4. It is clear from the figure that shopping centres of all types are concentrated in the major urban prefectures of Tokyo, Osaka and Nagoya. General shopping centres are considered separately below.

The majority of fashion buildings are single operations, like Excel in Mito or Nova in Nagoya. Others operate under a store brand name and have become some of the most famous stores in Japan. These include 109 (Tokyu Group), Forus (Jusco Group), Vivre 21 (Nichii Group), and Parco (Seibu) the original fashion building.

Many of the fashion building companies take great care to target their mix of tenants. The majority of fashion building customers are young, economically

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active consumers, but individual outlets are often targeted at fairly narrow age ranges. This type of targeting is found in any city that supports a number of fashion buildings located in close proximity.

One of the best examples is in Shibuya, Tokyo, where within less than one square kilometre there are 8 fashion buildings: two 109 buildings, three Parco buildings, two Marui buildings <sup>(23)</sup> and Seibu Seed. These are in addition to three department stores, a large Seibu Loft and a Tokyu Hands outlet in the same area. There is some overlap between Parco and Marui in the fashion brand tenants, but, on the whole each building is differentiated by the type of merchandise stocked and the service provided. For example, one Tokyu 109 fashion building is targeted at the student and young worker age group between the ages of 20 and 30, while the other, a large building of nine floors, carries merchandise predominantly for the 13 to 20 year old junior high school and high school age groups.

Shibuya is the home of the original Parco fashion buildings which opened in 1972 (Suzuki, 1984). There are now three Parco buildings in Shibuya alone - Parco Part 1, Part 2, and Part 3. Like 109, each is targeted at a slightly different clientele. There are 13 Parco buildings throughout Japan, including Ikebukuro (Tokyo), Gifu, Matsumoto, and Nagoya. Not being a listed company, detailed information is scarce, but Parco's Shibuya operation is said to have suffered declining sales in the 1980s. The Parco fashion buildings in Tokyo are now considered too highly priced for their original young markets. While the twenties market they were originally designed for have grown older, Shibuya Parco has failed to move with them, and failed to adapt to the demand from the new young people for low price and greater variety.

The newest and largest Parco fashion building is in Nagoya. The 73,200 sq.m. outlet in central Nagoya has a main building and an annex, with a total of 340 tenant stores in 44,000 sq.m. of sales space. The main building has eleven floors: six for retail tenants, two varied restaurant floors, and a major hotel and sports club, including swimming pool, in the top three. The annex has a

further eight floors, with a planetarium, live music club, amusement facilities, as well as more retail tenants. Unusually for Parco, there is a basement food floor which stocks a wide variety of prepared foods, and a fresh food supermarket in 30% of the sales floor area. Annual sales are expected to exceed ¥28 billion (Shimizu, 1989).

Stores like the Nagoya Parco could be one direction for the expansion of all large retailing types in Japan. It combines the prestige of a department store with the flexibility of a fashion building, along with the distribution capability and strength of a superstore group. This is the main reason for the expansion of large retail groups like Jusco, Nichii and Tokyu into this form of retailing.

#### 4.7.3 SHOPPING MALLS

The one major difference between a fashion building and a shopping mall is that the former has a vertical structure while the latter is horizontal. Shopping malls are modern versions of traditional Japanese *shōtengai* (see below), but operated on the same principle of tenant stores within a store that is used by fashion buildings. Japanese shopping malls are underground. This distinction is made in order to make a separation between them and the long standing *shōtengai*.

Modern Japanese shopping malls are found in Japan's largest cities where land is especially scarce. Tokyo, Nagoya, Osaka, Sapporo and Kyoto all have extensive areas of underground shopping facilities. Nagoya in particular is famed for two very large malls, one in the station area and one in the city centre.

For the consumer, however, in terms of the tenant mix and number of stores, there is little difference between an underground shopping mall and the above ground fashion buildings. Each is self contained, but the malls form links with public transport, and even link separate stores. Customer flow is, therefore,



somewhat different, with many people passing through the malls to avoid winter cold and summer heat, and to gain access to the subways.

For the purposes of the survey described in the second part of the thesis, shopping malls and fashion buildings were not distinguished, as, from the shopper's point of view, their retail composition is very similar.

#### 4.7.4 SHOPPING CENTRES

General shopping centres can be clearly distinguished from the more specialised fashion buildings by tenant mix, individual tenant power, structure, number and location. Large scale shopping centres are rare because of the difficulty of finding available land sites and the legal problems of opening large stores, but small centres, sometimes of less than 1,500 sq.m. are more common. Japanese shopping centres have been developed as modern versions of traditional Japanese *shōtengai*, but they are usually dominated by a single key tenant. Some small centres may have no more than five or six tenant stores built within or around the same site.

A shopping centre is differentiated from a fashion building in several ways. The basic purpose for a shopping centre's development will usually be larger in terms of the land area covered. The 'Vision for Distribution in the 90s' (90 *Nendai Ryūtsū Bijon* [90 年代流通ビジョン]) formally introduced the 'Hai-Mato 2000' [ハイ・マート2000] proposal for a major shopping centre development based on the West Edmonton Mall (MITI, 1989a: pp.200-258; *Hirono*, 1989; *Shōgyōkai*, 1989b). Major shopping and leisure complexes of this type are seen as likely stimuli for regional development, involving large retail companies in cooperation with existing small local retailers.

Japanese shopping centres are designed to appeal to a greater variety of clientele than are fashion buildings. Shopping centres will have one or two key tenants who account for a large percentage of the overall sales floor space and turnover. The need for larger land area means that shopping centres are located

away from inner cities, and even away from main public transport links. Car parking facilities are more extensive at Japanese shopping centres than at most store types. The range of merchandise depends on the tenants at the centre. Sports and leisure facilities are provided by many centres (*Higurashi*, 1989; *Ozawa*, 1989).

The largest shopping centres in Japan include the MY-CAL centre in southern Yokohama. This centre is run exclusively by Nichii, and has already been mentioned above. It includes its own fashion building, a Saty Superstore, and a number of fast food restaurants (*Itō*, 1989).

Other large centres run by single companies are found in several parts of Japan. Seibu's *Tsukashin* complex in Hyogo Prefecture is particularly striking (*WILL*, 1986; *Seibu Saison Group*, 1988b). Taking a disused factory site, the company built a complete 'retail town'. Total sales floor space is 65,000 sq.m., based around a Seibu Department Store. The complex has 245 tenants, including a sports centre and a church in addition to a wide range of speciality retailers. There are parking facilities for over 1,000 cars (*MITI*, 1989a: p.237).

On a similar basis, Seiyu, also a Seibu Saison Group member, built the *Rakuichi* retail complex at Nagahama in Shiga Prefecture. The range of leisure facilities is a little more limited than *Tsukashin*, but the shopping centre is better suited to its more rural location. Both *Tsukashin* and *Rakuichi* have extensive car parking facilities to attract customers from a wide geographical area. This is especially the case for *Rakuichi* as the local town can provide only limited custom (*Seibu Saison Group*, 1988a).

In the Tokyo region, the *Hikarigaoka* complex, also Seiyu based, has already been mentioned. The design of the centre has been targeted to the needs of the very large residential area where it is located. The department store in the centre is operated by Seiyu, with a separate superstore run by *Chūjitsuya*. Other speciality stores are geared towards family shopping. The centre provides weekly events to draw people on Saturdays and Sundays, and includes a leisure club and cinema. With its large family market in the immediate vicinity,



*Hikarigaoka* has relatively limited car parking space and is not built near to rail links. It does, however, have parking space for around 500 bicycles (Seibu Saison Group, 1989).

The largest single shopping centre in Japan in 1990, was the *Rarapōto* centre in Chiba Prefecture. The overall size of the centre exceeds 270,000 sq.m.. Sales space is around 97,000 sq.m., with the key tenants, a large Daiei superstore and a Sogo department store, accounting for over 50% of this sales area. There are 345 tenants in total. *Rarapōto* is built on the Tokyo Bay waterfront, and relies on large car parking space (6,000 cars) to attract customers from a wide area. Weekend customer numbers usually break 150,000 people, with an average of 25,000 on weekdays (MITI, 1989a: p.237).

These are the main examples of large, general shopping centres in Japan. The characteristics of the fashion buildings, however, are different. As the survey described in chapters 7 to 10 concentrates on city centre retailing, a number of fashion buildings are included in each of the four cities studied. Fashion buildings are very similar to so-called speciality shopping centres in the West, but the number, location, merchandise and physical structure of these buildings makes them an important aspect of the overall Japanese retail environment. This type of retailing is employed to a greater extent in Japan than in any other advanced nation.

#### 4.8 OTHER LARGE RETAIL TYPES IN JAPAN

In the survey presented below, the subject stores employed are predominantly department stores, superstores and fashion buildings. For completeness, however, discount stores and roadside stores are considered in this section. Both types of store were mentioned in the research interviews described below.

#### 4.8.1 DISCOUNT STORES

During their early development in the 1960s and 1970s, Japan's superstore chains were commonly referred to as discount stores. Today, although they operate on relatively low margins (see section 4.6.2), they no longer discount merchandise on a general basis. Two forms of new discount retailers have arisen in their place. One type are chains of low price stores run as branches of the large superstore groups. These include the Daikuma chain (Ito-Yokado) and Topos chain (Daiei). They provide a wide range of merchandise usually centred around hard goods - household items, furniture, and car accessories. Prices are kept low by relying on the buying power and distribution efficiency of the group as a whole.

There are also new, independent discount chains, including general merchandise stores and speciality discount stores (MITI, 1989a: p.290). Like the Daikuma and Topos chains, general discount stores offer a wide range of merchandise centred on household goods, electrical goods and car accessories. Speciality discounters concentrate particularly on electrical goods, cameras, optical glasses and sports goods.

Whereas most Japanese distribution business operates around long term relationships, many discount stores source their merchandise on a 'one-off' basis. Consequently, most discounters lose the advantages of rebates and the right to return unsold goods. The tight distribution control operated by many large manufacturers of branded products lead some wholesalers to provide almost a black market in these goods, supplying discounters with goods without the knowledge of the manufacturers. Electrical goods and liquor have substantial discount markets, and it is claimed that some wholesalers or retailers can suffer swift and total ostracism for selling goods outside the conditions laid down by manufacturers (Mishima, 1988; *Mishima*, 1989; *Shukan Daiyamondo*, 1989c).

The best discounts available to the Japanese consumer are provided by the few independent small retailers who deliberately ignore the wishes of



manufacturers, wholesalers and competing retailers. Often, this means consumers are only able to obtain older models or poorer quality items, but these stores can stir resentment in parts of the industry. There are cases of such retailers becoming the targets of abuse from manufacturers and controlled suppliers, including death threats, physical intimidation, damage to property and even, it is said, prejudicial treatment from tax authorities and other official bodies (Mishima, 1988).

These retailers offer discounts on the supply price of goods by foregoing the various rebates and sales incentives that are usually offered when other retailers buy in bulk or on a long term basis. Other methods include re-importing Japanese manufactured goods which sell at considerably lower prices than the identical domestic items, or obtaining stocks of returned goods which have failed to sell in other regions (Mishima, 1989).

Discount stores are growing in number, but still remain rare. In the recent Nikkei survey of discount retailing (*Nikkei Ryutsu Shinbun*, 1990b: pp.421-427), no indication is given of the number of stores involved, although the 87 companies who responded were said to control 8.1 million sq.m. of sales space, or around 8% of the total in Japan. One reason for this lack of information is the difficulty in defining a discount store.

The electrical 'discount' stores in Akihabara (Tokyo) provide discounts of between 10% and 30% on the manufacturer's price, depending on the age of the model in question. Supplies to these outlets, however, are largely controlled by manufacturers in the same way that electrical manufacturers maintain strict control over the majority of their distribution channels. The stores maintain high profit margins despite their 'discounts' to consumers. Profit margins are maintained by wholesale and manufacturer rebates that represent between 5% and 20% of the recommended retail price (Nagashima, 1989). In this case, the customer can buy electrical goods below the price they would pay at most department stores, but although the price is lower, this is often because the model is out of date. A true bargain where the consumer does not lose in some

way for what they gain in lower prices is rarely available. Akihabara stores act as an outlet for older models of electrical goods. This is useful for the major electrical manufacturers who often introduce model changes in a cycle as short as six months. The blaze of neon and amplified sound in Akihabara can hardly be cutting overheads for the sake of the consumer.

Small, independent retailers are rare, but can be found. Mishima (1989) and Suzuki, K. (1990) both provide examples, detailing the problems of supply, and the intimidation that such retailers often suffer. One such store is the 'Step' electrical store in Ichikawa City just south of Tokyo. Originally a member of the Matsushita chain of *keiretsu* stores, the outlet was 'ex-communicated' within twenty-four hours of selling National Panasonic batteries at a discount on the manufacturer's price, with Matsushita workmen arriving to tear down the company's store signs. Today, the store itself is no more than a warehouse, open for limited hours, without even a telephone. Their 'sales points' include refusal to:

- explain products
- display products (except as piles of boxed goods)
- exchange or accept return of purchased products for any reason. (24)

In return, customers receive 20% to 40% discounts on manufacturers' recommended prices. This clearly is a successful strategy as the store had sales per square metre of over ¥140,000 in 1988, the best for any speciality store (*Nikkei Ryutsu Shinbun*, 1989c: pp.384-5).

The control of large manufacturers within Japanese distribution, and the industry orientated policies of the Japanese government deny consumers access to low prices (Nakaoka, 1989). In some product sectors, retail companies have recognised the potential of stores which sell below the set prices found in most outlets (Tracey, 1988). This type of business will continue to expand, but the consumer will still have to pay by a loss of service or even a loss of consumer rights in order to purchase at these lower prices.



#### 4.8.2 ROADSIDE RETAILING

For a number of years, family restaurants have located beside main trunk roads in Japan, most commonly those linking small and medium size cities with nearby major centres. More recently, roadside retailers, especially in clothing, sports goods, home centres (DIY) and books are becoming increasingly common.

This type of retailing has several advantages. It employs land that is relatively cheap and easy to obtain, often because the land is unsuitable for housing. As parking space is important, large and medium plots are necessary. Being well away from city centres and other retail concentrations, gaining permission to open medium and large stores on these sites is also relatively simple. Finally, the gradual expansion in car ownership and use, especially outside Tokyo, makes this a lucrative and expanding retail sector (*Shikam Daiyamondo*, 1989a).

The merchandise strategy most commonly pursued is a narrow but deep range of goods within any one store. Stores are large or medium sized, between 500 and 2,000 sq.m., but, relative to retailers of similar size, roadside stores restrict the types of merchandise stocked. For example, stores may stock only sports goods, and, depending on the season, may carry lines for only one or two sports at any one time, such as ski or golf related goods. This attracts customers who know precisely what they are looking for in terms of product, but equally those seeking a wide range of choice in terms of style, size, colour and brand.

The major superstore chains have been active in developing this type of business. For example, Uny operates several roadside clothing chains including Rough Ox and Belle Femme. There are also a number of independent specialist roadside chains including Autobacs Seven car accessories (Suzuki, T. 1990a), Alpine sports, Aoki International and Aoyama Trading mens clothing (Allen and Suzuki, 1989; Suzuki and Allen, 1990), Chiyoda Shoes (Mizusawa, 1990), and Shimamura womens' fashion (Mizusawa and Willems, 1990; Oya and Allen, 1990).

These stores command overall commercial areas that are as large if not

larger than many centrally located department stores and superstores. Clientele will often drive from a distance to visit the stores. Frequently, a number of stores will locate together on the same stretch of road. This again increases the attraction for a wide range of clientele.

Recognising the potential of roadside retail businesses in the suburbs of cities, stretches of highway are being developed into out of town shopping areas (*Kojima*, 1988: pp.90-108). Taken as a whole, these areas can become linear shopping strips with superstore, book store, several fast food restaurants, several clothes stores and so on, each on separate sites along a kilometre or so of road. Most will have individual parking facilities, but many stores share parking in order to release land for the actual store. Combining a retail outlet with a family restaurant is especially popular. There are a number of examples on the outskirts of Nagoya that have been developed around a single key retailer, similar to the development of a shopping centre.

Future expansion is likely to continue in roadside retailing, but only around major urban areas where the potential clientele stretch over a wide area and are numerous enough to ensure profitability. There are some signs that local governments are unhappy with the drawing power of roadside retailers and store openings may be increasingly regulated under the Large Store Law. On the other hand, small stores under 500 sq.m., such as those employed by Shimamura may still be viable, especially if an option is left to expand the store if and when deregulation occurs (Oya and Allen, 1990).

#### 4.9 SUMMARY

Japanese retailing remains highly fragmented with well over one and a half million outlets in 1988. The great majority of these stores are small, independent businesses operated within part of the family home. Until the early 1980s, the number of retailers continued to increase, but since 1982 the retirement of store owners and competitive pressure from increasingly powerful



medium and large multiple retailers has led to a significant net decline in store numbers. This trend looks set to continue. This large number of stores gives the impression of complexity and unnecessary inefficiency which, as related in chapters 1 and 2, can lead the more positive factors to be overlooked.

Despite criticism of Japanese retailing as being out dated, all modern retail types are well represented in the country. Large retail formats are numerous and presumably these dominate consumers' perceptions of stores. The large number of department stores, fashion buildings, and superstore chains, perhaps give Japanese consumers more variety in large store choice than in many nations. Each of these large retail types have features that are uniquely Japanese in their operation and appearance. Each has its own place in the shopping environment of Japanese consumers.

Department stores appear to maintain a traditional, high social status position in Japan, making them essential for certain types of purchase, but superstore chains have become the leaders of the retail industry as a whole. These companies are adopting rationalised, efficient distribution systems and techniques more rapidly than other sectors. Fashion buildings lie between department stores and superstores in terms of merchandise and service. As tenant buildings, fashion buildings must be considered in conjunction with speciality stores. The continuing importance of small outlets operating as tenant stores within fashion buildings, department stores and superstores should be noted.

No sector of Japanese retailing can be considered without also remembering the large numbers of small, independent retailers in the country. In numerical terms small retailers still account for a large share of retail sales, and decline in numbers has only occurred to a significant degree among the smallest outlets.

This completes the review of Japanese retailing and distribution. It has been undertaken to present points that are of relevance to Japanese consumers. The remainder of the thesis is concerned with the perceptions of Japanese consumers

of the varied array of retail types available to them.

#### NOTES TO CHAPTER 4

- (1) The classification of *Besuto Denki* and similar stores like *Raokusu* (Laox) as speciality electrical retailers rather than 'discount stores' illustrates the points made below. It is unclear whether the opportunity to purchase goods at prices below those set by manufacturers benefits the consumer or not. See section 4.8.2.
- (2) The way in which companies from the same retail group appear in the Nikkei rankings is confusing. In some cases groups are ranked as single entities, but in others companies which operate as independent members of large retail groups are ranked separately. The Daiei Convenience Store System is an example of this. This differentiation would cause difficulty to compare UK businesses in terms of turnover and number of stores.
- (3) One company, 48th ranked *Ekō*, is the leader of a merged group of chains. It is the only company in the top 50 to operate both voluntary and franchise chain operations in tandem. All other companies are strictly separated between the two systems. It was pointed out above, however, that *Maruyo Nishio* operate two separate chains - one voluntary and one franchise.
- (4) Referring back to the figures on net margins for fashion apparel wholesalers in chapter 3, table 3.7, it can be seen that these too had comparatively high margins.
- (5) The level of retail concentration in Britain overall is high with the top twenty retailers accounting for around 40% of total retail sales in 1988. The top five retailers alone had sales that would account for around 20% of British retail turnover (Broadbridge, 1990). In some sectors, notably food retailing, the level of concentration is even higher.
- (6) Original Japanese: 「[中分類 5 3 一各種商品小売業] には、衣、食、住にわたる各種の商品を一括して一事業所で小売する事業所が分類される。この事業所は、その性格上いずれが主たる販売商品であるかが判別できないものであって、百貨店、デパートメントストアなどと呼ばれるものにその例が多い。  
[5 3 1 百貨店] 衣、食、住にわたる各種の商品を販売する事業所で、その事業所の性格上いずれが主たる販売商品であるかが判別できない事業所であって、従業者が常時 50 人以上のものをいう。  
○百貨店（従業者が常時 50 人以上のもの）；デパートメントストア（従業者が常時 50 人以上のもの）；総合スーパー（従業者が常時 50 人以上のもの）  
×百貨店（従業者が常時 50 人以上であっても衣、食、住にわたらないもの）〔主たる販売商品によって分類する〕」  
(MITI, 1989b: p.632)
- (7) 'Self-service' is not defined by the Census of Commerce.
- (8) The *Nihon Hyakkaten Kyōkai*, 「日本百貨店協会」, Nihonbashi, Tokyo. The Association had 110 members representing 253 stores at September 1989.
- (9) Original Japanese: 「本会の会員は、その店舗の一が六大都市（東京都の特別区、横浜市、名古屋市、京都市、大阪市および神戸市）にあっては、3,000㎡以上、その他の地にあっては 1,500㎡以上の売場面積



を有する百貨店業者であって、理事会において入会を承認したものとする。」(*Nihon Hyakkaten Kyōkai*, 1989: p.II)

- (10) Original Japanese: 「物品販売を単一店舗で総合的に行う小売企業. . . 」(*Okada*, 1988: pp.10-11).
- (11) Note that the Japanese for *Toshin Hyakkaten* (Central Tokyo Department Stores) is 「都心百貨店」, and for *tokai* (urban) 「都会」. The first character 「都」 is the same in both cases. Strictly, it means 'capital city'. Hence the argument that true '*Toshin Hyakkaten*', which could be translated as 'capital city centre department stores', should be equivalent to 'Tokyo department stores'. People in Osaka, and employees of Matsuzakaya tend to disagree, however.
- (12) A major exception is Maruzen, known as Japan's number one book retailer today. The store began as a high class, Western apparel retailer in 1869. Most Maruzen stores continue to sell some apparel even today.
- (13) For some, the higher the price the better. In a survey of people in the highest tax bracket living in Tokyo, three examples were presented of customers entering a store and simply saying, "I'll take the most expensive item you have." Two occurred in department stores, one in a supermarket (*Nikkei Ryūtsū Shinbun*, 1989b). The supermarket in question is 'The Shell Garden' (Jiyugaoka, Tokyo). This store is reputedly the most prestigious and expensive supermarket in Japan, although there are several stores who openly make the same boast (see section 4.7).
- (14) Original Japanese: 「[スーパー・ストアとは] 原則として、セルフ・サービス方式と低価格訴求によって販売し、実用衣料品、日用雑貨品などの非食品を主力商品とする大量販売店をいう。わが国とは若干異なる意味で、スーパー・ストアという用語を使い始めている。つまり、スーパー・マーケットよりも売り場面積や取扱商品の多い店を、スーパー・ストアと呼んでいる. . . 」  
「[スーパー・マーケットとは] 原則として、(1)セルフ・サービス方式で、(2)一般食品、精肉、野菜果物、酪製品、鮮魚などを基本的部門として、(3)単独店で売上高年間一億円以上、(4)部門別管理を行なう総合食料品小売店をいう」  
(*Tajima*, 1980: pp.63-64)
- (15) Original Japanese: 「現在わが国では、スーパー・マーケットやスーパー・ストアを、単にスーパーと呼び、主力取扱商品によって、食品スーパー、衣料品スーパー、総合スーパー等を区別することが多くなっている。」(*Tajima*, 1980: p.64-65)
- (16) The *Nihon Chēn Sutoa Kyōkai*, [日本チェーンストア協会], Toranomon, Tokyo. In October 1987, the Association had 128 member companies covering 6,307 stores.
- (17) In 1989, Jusco changed the name of the parent group to Aeon Group. In 1990, under this name, the group acquired 15% of Laura Ashley UK and 50% of Laura Ashley US.
- (18) Seiyu also operates a number of speciality brand stores called *Mujirushi Ryōhin* which can be as small as 98 sq.m.
- (19) A Commuting point may be distinguished by morning and evening peak flows of commuters travelling from and to destinations in a local area, whereas a departure point is a main terminus for travel to more distant destinations, and will maintain a more constant flow of passengers throughout the day, with smaller peaks in the morning and evening. It is



possible for some stations to operate as both. Examples of commuting points would be Sakae in Nagoya and Yokohama Station. Examples of departure points would be Yokohama New Station and Matsumoto Station. The three main Tokyo JR (Japan Railways) stations, Tokyo, Ueno and Shinjuku, are both commuting and departure points, as are the main stations in the surveyed cities of Nagoya, Nagano and Mito. Stations at Nagano and Mito, however, probably accommodate a larger proportion of long distance travellers, as opposed to daily commuters, than is the case for Nagoya and Tokyo.

(20) The *Nihon Shoppingu Sentā Kyōkai*, 「日本ショッピングセンター協会」 (Toranomon, Tokyo).

(21) The association defines a shopping centre in the following general terms:

A shopping centre is an accumulation of retailing, catering and service facilities originally planned by a developer. The operation of the centre must be carried out collectively under a single management, and must bring a 'one-stop-shopping' function to the centre. In addition, it is also necessary for the centre to bring together not just shopping, but also various non-shopping functions, and so to be a single community facility in the city.

The above presents rules for the form which Japanese shopping centres should take, but it is necessary for centres to meet the following [physical] conditions:

(1) The total retail floor space for shopping centres in officially designated cities must exceed 3,000 sq.m., and 1,500 sq.m. in all other areas

(2) Excluding any key tenants, the number of tenant stores must exceed ten

(3) Where the centre has a key tenant, the area covered by this store including restaurants and services etc. must be no more than 70% of the total area

(4) There must be a tenant committee, which will jointly organise promotion, advertising and special events.

#### Notes:

a) A developer is the person or organisation which, from among the 'ownership', 'development' and 'operation' of the shopping centre, is chiefly responsible for the centre's development.

b) Community facilities are facilities which make a major social contribution through the frequent supply of cheap or free services to the users of the shopping centre.

c) A key tenant is a department store or other large retailer which has a major effect on the shopping centre's commercial area and type of target clientele.

d) The total area of a shopping centre is the area which includes all general aisles and walkways, retailers, restaurants and service facilities. (Calculation of area is based on The Large Store Law, Article 3 [1974].)

The key tenant and the other tenants account for the actual retail store area. (Calculation of area is based on The Large Store Law, Article 5 [1974].)

#### Original Japanese:

ショッピングセンターとは、デベロッパーのもとに計画された小売業、飲食業、サービス業等の集団的施設をいう。その営業については、統一的な管理のもとに共同活動を行うことにより、ワン・ストップ・ショッピングの機能を果たすものでなければならない。加えて、単に購買だけでなく、買物以外の様々な機能を組合わせた、いわゆるコミュニティ施設として都



市機能の一端を担うことも必要である。

以上をわが国ショッピングセンターのあるべき姿として規定することするが、現状を踏まえたうえ、当面、次の条件を備えることを必要とする。

(1) 当該ショッピングセンターにおける小売業の店舗面積の合計が、政令指定都市では 3,000㎡以上、その他の地域では 1,500㎡以上であること。

(2) キーテナントを除くテナントのうち、小売店が10店舗以上含まれていること。

(3) キーテナントがある場合は、その占有にかかる飲食、サービス等を含めた面積が、当該ショッピングセンター総面積の70%以下であること。

(4) テナント会（商店会）があり、広告宣伝、共同催事等の統一的共同活動を行っていること。

(注)

1) デベロッパーとは、当該ショッピングセンターにかかる“所有”“開発”“管理”のうち、主として“開発”を担当する者をいう。

2) コミュニティ施設とは、当該ショッピングセンターの利用者に、広く頻繁に、低廉又は無料でサービスを提供する社会的貢献度の高い施設をいう。

3) キーテナントとは、当該ショッピングセンターの商圈、客層を決定する大きな影響力をもつ百貨店その他の大型小売業をいう。

4) ショッピングセンター総面積とは、一般的に通路を含み、小売業、飲食業、サービス業等の面積をいう。（面積算出においては、大規模小売店舗法第3条に準拠する。）

キーテナント、又はテナントの店舗面積は実効面積でとらえる。（面積算出においては、大規模小売店舗法第5条に準拠する。）

(Translation from *Nihon Shoppingu Sentā Kyōkai*, 1989)

(22) It would be a simple, although time consuming process to identify the numbers of the various types of shopping centre in Japan by using the annual directory of the Japan Shopping Centre Association. This publication lists each of the 1,344 shopping centres in Japan in great detail. Each annual directory contains sufficient information on individual shopping centres for several research projects. The directory was consulted in Japan, but due to the cost of the publication (over ¥60,000) it is not available at the time of writing. On the basis of observation in Japan, it is estimated that around three quarters of the total 1,344 shopping centres in Japan could be classified as fashion buildings.

(23) Technically speaking, Marui does not operate fashion buildings. Marui is frequently classified as a department store, although the company is a member of the Japan Chain Store Association rather than the Japan Department Store Association. Also, unlike department stores who use mainly sale or return terms for acquiring merchandise (see chapter 3), Marui is said to buy the majority of its merchandise out right. From the point of view of the consumer, however, Marui can only be classified as a fashion building, and this is the approach taken here and throughout the thesis. Marui stores are multi-storey structures, housing a large number of small, individually constructed boutiques, selling predominantly fashion apparel, and which appear to be tenant stores on casual observation. On enquiry, however, Japanese colleagues claim that Marui operate the majority of these boutiques directly, and most are not tenants. There appears, however, to be a distinction between Marui employees and assistants working in the individual boutiques. The former wear uniforms and identification even when serving in a single boutique, while the latter do not. It is possible that a number of assistants are employed by suppliers (see chapter 3).

(24) Purchased items cannot be returned even if the product proves to be faulty.

This is a common practice by a number of rather unscrupulous retailers, and illustrates the poor state of consumer rights in Japan. A detailed look at discount and so-called discount retailing would reveal some of the less competitive aspects of Japanese distribution. Throughout the system, the consumer rarely escapes the ubiquitous, rigidly enforced manufacturer's 'recommended' retail price. On the other hand, where bargain prices are available, consumers must often bear the cost of the discount by losing the many advantages of service that go hand in hand with most Japanese retailing.



## CHAPTER 5

### CONSUMER PREFERENCE: A LITERATURE REVIEW

#### 5.1 INTRODUCTION

Choice is the central element to all consumer behaviour. The most common consumer choices are made between products or services, with the secondary, but equally important choice of brand. For the purpose of making a purchase, the choice of store is also a major factor when choosing many goods and services. In the same way as an art gallery or a book, even when no purchase is intended or made, a store can be 'consumed' as a recreational facility; for browsing, meeting other people, gathering information, passing free time, gaining mental stimulation and so on. Even when a final purchase is not the objective sought, the choice of store is not important unless a specific, non-purchase related activity, such as recreation, is initially intended. In this latter case, the choice of shopping area will usually take precedence over choice of individual store.

With or without purchase intentions, this choice behaviour is clearly undertaken in a non-random fashion, being notably biased towards particular choice alternatives. Experiments in consumer choice have shown that consumers develop preferences for brands even where no physical differences exist between the different alternatives. Famous examples are McConnell's experiments with 'brands of' beer (McConnell, 1968a; 1968b), and Charlton and Ehrenberg's work with soap powder and bread (Charlton and Ehrenberg, 1973; 1976). Both cases employed a number of dummy brands which were, in truth, identical products. Wherever a choice of alternatives is presented, human beings like to differentiate, even where no logic exists to do so outside the individuals' minds. In Japan, many would ascribe such behaviour to the success of the 1988 Asahi 'Dry' Beer campaign, which the Economist (1988g) described as, "a very

ordinary beer with a very large advertising budget"; a position which could probably be confirmed by a simple blind tasting experiment. It is safe to assume that the same differentiation also occurs for stores.

In chapter 1 consumers apparent non-random choice of department stores in Nagoya was described. Observation of such behaviour led to the consideration of the possibility of consumers forming a type of 'loyalty' in their choice of stores. The recognition of consumers' natural tendency for differentiating alternatives was the major factor in the development of the concept of consumer 'loyalty'. Intuition and common sense suggests consumers will find more convenience in choosing and sticking to certain brands or stores rather than continually switching between competing options.

A large literature has grown around the concept of consumer 'loyalty'. As choice behaviour is at the centre of consumer behaviour, 'loyalty' studies form merely a branch, but, consumers are apt not only to differentiate among possible choices, but also to have second and third choices in an order of preference. When this is taken into account, 'loyalty' studies can be said to form a core literature.

This chapter reviews work concerned with consumer 'loyalty' on the basis of observed behaviour of Japanese consumers towards both store and brand choice. The literature contains some inherent problems, chief of which is that of definition. In addition, there has been an unfortunate tendency for some studies to treat 'loyalty' as a branch of consumer choice theory, effectively divorcing it from other concepts and ideas that have direct bearing on the same topic. The following discussion considers these two problems. Based on the consumer 'loyalty' literature, consumers' tendency to develop preferences between alternatives is considered and links suggested to other ideas concerning choice systemisation - notably brand categorisation and consumer involvement. In this way, preferences can be seen as a result of consumer perceptions.

The use of the term 'loyalty' is arguably the fundamental problem. There are conceptual difficulties with defining this kind of behaviour and then finding



observable examples. The problem of terminology is discussed briefly prior to the full review. This aside, it can be shown that the related research provides evidence that consumers develop a hierarchical preference for stores and brands, and consequently, criteria for the development of preferences for stores in Japan can be considered under an appropriate theoretical framework. This creates the foundation for empirical investigation of hierarchical store perceptions in Japan, and provides guidelines for considering the fundamental reasons for preferences to develop.

## 5.2 'LOYALTY' AS A TERM IN CONSUMER BEHAVIOUR LITERATURE

Several detailed reviews of the consumer 'loyalty' literature already exist. Engel et al. (1978) and Charlton (1973) provide relatively neutral accounts of the literature, while Jacoby and Chestnut (1978) '1' aim more directly to support and enhance the authors' own views, theories, and alterations to the theory. All three reviews show a similar picture as regards the theoretical non-development of the concept of consumer 'loyalty'. In any field, each new piece of research adds, removes, replaces or clarifies at least a small part of the overall picture, but, as these three reviews stress, few single studies have been generally accepted and widely applied.

Jacoby and Chestnut provide a total of 53 separate attributes of 'brand loyalty' derived from numerous definitions and their variants, and stretching back as far as 1923. Engel et al. demonstrate the lack of conclusive empirical evidence that exists to support the various definitions. Many definitions fit the data but often fail to stand up to retesting. The current state of consumer 'loyalty' theory is diverse and contradictory, and frequently individual to the particular author. Its history is one of numerous additions and replacements, but very little in the way of clarification. Conceptualisation of what true applicable 'loyalty' might be has frequently been avoided or ignored. Jacoby and Chestnut provided a comprehensive study which effectively defined 'loyalty'

in quite complex terms.

The existence of non-random bias in consumer choice has an intuitive foundation, but is it significant enough to be of use to businessmen? Despite Jacoby and Chestnut's industrious list of definitions, the majority of these were introduced as purely operational measures. Studies which have considered the question of definition in more depth are rare (Cunningham, 1956: 1961; Day, 1969; Jacoby and Chestnut, 1978; Jacoby and Kyner, 1973). The difficulty of operationalising the concept of 'loyalty' following this work has meant that few significant studies appeared in the 1980s (Muncy, 1983).

Many of the operational definitions, however, have suffered from over simplification, becoming applicable only to the studies and data sets for which they were originally designed. Studies that consider the 'what' of consumer 'loyalty', as usually measured by choice frequency, are relatively numerous. Those that consider 'why' are quite rare. It is necessary to understand both of these questions fully in order to develop consumer 'loyalty' as a useful marketing concept. Consumer 'loyalty' remains merely a fascinating, but purely intuitive idea of little practical value.

What is 'loyalty'? Taken out of the environment of consumer behaviour research, the concept of 'loyalty' loses its basis of being simply preferential bias as recorded by statistical frequency. The Oxford English Dictionary states:

"LOYALTY: true adherence to one's promise, oath, word of honour, etc., . . . faithful adherence to the sovereign or lawful government, . . . more recently enthusiastic reverence for the person and family of the sovereign."

In traditional semantic terms, the word 'loyalty' clearly refers to CONSCIOUS BEHAVIOUR directed towards another HUMAN BEING. The re-application of the word to apply to inanimate objects - ie. brands and stores - takes place solely in consumer theory.

The terms 'Brand Loyalty' and 'Store Loyalty' are not totally misconceived and now find common and everyday use in journalistic references to the



preferential use by consumers of available alternative brands and stores. The term 'loyalty' is widely understood to mean 'preference.' At the journalistic level there is no harm in this at all, but at a more academic level, where consumer research purports to define a specific phenomenon called 'loyalty', more accurate terminology is required. There is no excuse for employing terminology that is simply exciting or attractive to the potential reader. 'Loyalty' may well be manifest in some forms of consumer behaviour, but, in view of the confusion surrounding the numerous definitions of 'consumer loyalty', clearly the basic term 'loyalty' conveys different things to different people.

Japanese academic literature adds nothing to this argument. There are perfectly adequate words for 'loyalty' in the Japanese language, namely *chūsei* [忠誠] and *chūjitsusei* [忠実性]. Characteristically (Nakanishi, 1981), however, Japanese academics make no attempt to apply any form of Japanese thinking to the possibilities presented in Western consumer 'loyalty' literature. In Japanese consumer behaviour literature, 'loyalty' remains *roiyaritii* [ロイヤリティー], ie. a direct, phonetic transcription (Ryūtsū Seisaku Kenkyūjo, 1989; Iwakiri, 1988; Shiraishi, 1987; Wada, 1985: 1986: 1987: 1988).

Employing an alternative term would be more precise and help to clarify the situation. Consumer 'loyalty' literature seeks to explain the consumer who makes a conscious decision to use a particular brand(s) and/or store(s) over a period of time. Equally applicable to the same situation would be the term 'preference'. Again, it is worth beginning by considering the dictionary use of this term:

"Preference - liking for or estimation of one thing before or above another; prior favour or choice; the object of prior choice. . . to prefer - to put forward or advance status, rank or fortune, to promote."

The semantic origin of 'preference' does not directly indicate behaviour solely towards other humans, and it is clearly applicable to many situations that some authors have defined as 'loyalty'.

With this in mind, previous work pertaining to consumer 'loyalty' behaviour will be reviewed below. It will be shown that, theoretically, there is a case for the existence of a truly 'loyal' consumer of a brand or store, but this has rarely been satisfactorily observed in empirical surveys. Other authors have also cast some doubt on the validity of using the term 'loyalty'. The chapter will conclude by suggesting that consumer 'preference' be substituted for consumer 'loyalty' as a more precise and meaningful term. The relation to Japanese consumers' seemingly strong preferential behaviour towards brands and stores will also be discussed in order to bring the review into context with the current study.

### 5.3 THE APPROPRIATE USE OF THE TERM 'LOYALTY'

At least from a semantic point of view, true 'loyalty' should involve both psychological commitment and behavioural action. <sup>(2)</sup> It seems reasonable, therefore, to expect consumer 'loyalty' measures to include both cognitive and behavioural constructs.

At a basic conceptual level, consumer purchasing will be a function of psychological, behavioural and situational elements. This leads to the following points:

- (1) Consumer choice that involves merely a behavioural response without cognitive commitment cannot be defined as 'loyalty' even if repeated over a long period of time. The true cause of such behaviour is most likely to be convenience factors such as availability, price, or store location. Seven-Eleven stores are clearly very popular in Japan, but a customer cannot correctly be described as 'loyal' for simply using his or her local store everyday. To establish what might be called loyalty, other elements require investigation.
- (2) A consumer may have a positive attitude towards the brand or store, but, due to situational factors such as high price or inconvenient location, cannot actually consume this option regularly over a period of time. In such a case,



the behaviour of consumers cannot correctly be termed 'loyalty'. It is, however, an indication of preference. Even if the preferred option is consumed occasionally due to changes in circumstances, for example a family treat, while other options are not consumed, this situation still shows no more than preference. True 'loyalty' would be a behaviourally confirmed preference over a continuous period of time.

- (3) Only when the consumer displays a relatively stable and positive attitudinal preference for a brand or store, and, over a period of time, acts upon this preference in regularly choosing to use that option in his or her shopping activity, can the word 'loyalty' be correctly employed.

This is not intended as a definition of 'loyalty', but merely a guideline for the minimum criteria by which 'loyalty' may be defined. It is with these behavioural, attitudinal and chronological requirements in mind that the literature must be considered.

#### 5.4 TWO TRADITIONAL THEORIES

As mentioned above, the earliest reference to brand 'loyalty' was 1923 (Jacoby and Chestnut, 1978), but the main concentration of consumer 'loyalty' theory lies between 1952 and 1978. These two dates are bounded by the respective work of Brown (1952) and Jacoby and Chestnut (1978). The latter is highly significant in that it ties together previous studies, and Jacoby's work will be considered in detail later in this discussion.

The work of Brown (1952) and Cunningham (1956; 1961) were the first major studies concerned with brand and store 'loyalty'. Respectively, these studies introduce measures based on purchase sequence and proportion of purchases to indicate 'loyalty'. Each form the basis for separate approaches to the definition and role of consumer 'loyalty', and researchers have continued to find these studies useful because of their operational simplicity.

Brown proposed the idea of purchase sequence as an indication of brand 'loyalty'. He defined four 'types of loyalty':

- (1) UNDIVIDED LOYALTY: where only one brand is purchased, eg. AAAAAA (3)
- (2) DIVIDED LOYALTY: where a purchase sequence alternates between two brands in the sequence form ABABAB
- (3) UNSTABLE LOYALTY: this was defined as a family purchasing brands in the sequence AAABBB
- (4) NO LOYALTY: indicated by a sequence such as ABCDEF, ie., random selection from the brands available

It is clear that the case of 'No Loyalty' is exactly that: no preference for any one particular alternative. While they form a useful starting point, the first three sequence measures entail problems. 'Unstable loyalty' can more accurately be termed brand switching. Using this simple behavioural measure, it is impossible to say whether there is truly preference for either brand.

Jacoby and Chestnut (1978: p.36) interpreted 'divided loyalty' as a 'specific type of 'loyalty' which "exists when the purchase sequence alternates between two brands". There seems to be nothing to suggest, however, that the two brands need to alternate.

Ehrenberg (Ehrenberg, 1971; 1972; Ehrenberg and Goodhart, 1970) has carried out extensive work on multi-brand buying and brand duplication. The results suggest that this would appear to be basically the same as Brown's 'divided loyalty'. In both studies the omission of price differentials between brands simplifies the discussion. In reality, if brand A were twice as expensive as brand B, there is likely to be an imbalance in the consumer's preference of the two brands. S/he would have to buy twice as many of the cheaper brand in order to have properly 'divided loyalties' - maybe buying the more expensive one only when the other is out of stock in a sequence such as AABBBB.

In addition, it is not possible to know how long a sequence needs to be before simple repeat-purchasing behaviour can be redefined as 'loyalty' (Charlton and Ehrenberg, 1973). This is true of both 'undivided' and 'unstable loyalty.' Researchers have felt free to vary the length of purchase sequence to suit their own purposes and survey data. For example, Tucker (1964) and McConnell (1968a) employed sequences of three or more, while Kelly and Stephenson (1967) used four out of five purchases at the same store to suggest



store 'loyalty'.

Even in the case of 'undivided loyalty', such a simple measure provides no indication of cognitive consumer preference. Where only one brand is available, or where the purchase is made purely as a matter of convenience, even unfaltering use of a single brand (or store) cannot be accurately termed 'loyalty'.

On the other hand, Brown's study provides a good starting point. His reasoning demonstrates the necessity of a behavioural element in consumer 'loyalty'. That is to say, genuine 'loyalty' should result in purchases of a particular brand or use of a particular store. Without this basic outcome, any attempt to define or measure consumer 'loyalty' is without meaning to marketing managers and retailers, and remains simply an empty academic theory. This is not as obvious as it seems.

Wada (1986), while basically reproducing Jacoby's work, criticised and rejected the need for the 'behavioural response' element in Jacoby's definition. He argues that brand 'loyalty' could exist in isolation as a consumer's attitudinal belief, without the consumer ever purchasing the brand itself (Iwakiri, 1988). It is of little comfort to brand managers to know that consumers prefer his brand if they then buy that of his competitor. This is less a factor for store managers as long as attitudinal preference produces customer flow. Such attitudinal response can correctly be termed preference, but not 'loyalty'.

Other early work was undertaken by Cunningham (1956; 1961), and in this the problem of price differentials between brands' was examined (Cunningham, 1956). 'Loyalty' was defined as the percentage of total purchases of a product devoted to the single most frequently purchased brand. Cunningham called this "first-brand loyalty." This provides a continuous measure from zero to one hundred percent, and has been widely employed (see below). It also lends itself to the measurement of 'store loyalty' in the same way (Cunningham, 1961).

Some authors have preferred to choose a cut-off point, below which consumers

are not considered loyal, for example Lipstein (1959) decided on 75% of purchases. This was rightly criticised by Jacoby and Chestnut (1978) as being too artificial and having no logical grounds. In the original case, however, Cunningham stated that such a cut-off point must be related to the brand's market share. That is to say, if the brand's market share is 50%, this represents the probability of a consumer choosing at random. When the index was greater than this value, 'loyalty' was said to occur.

"...it is necessary to calculate the expected values of brand 'loyalty' measurements under conditions of random choice, the number of brands typically stocked, and the number of purchases."

(Cunningham, 1956: p.122)

This was done by calculating, for the product in question, the average number of brands that are stocked by stores. While aggregating the overall results, Cunningham reports his findings at the micro level, family by family. Thus, especially where the number of brands are large and individual stores only carry a relatively small number, the important measure of random purchase needs to be calculated for the store at which the purchase is made. This is an indication of a link between store preference and brand purchase.

Cunningham's measure improves on Brown's in that it provides a quantitative index, making results more generally applicable and comparable. In addition, it is adaptable to dual and multi-brand purchasing and to store choice. In the same way that Brown overlooked price differences, however, Cunningham's work has been criticised for ignoring the purchase sequence - ie. Brown's measure - and the frequency of purchase (Rao, 1969a). Where brand A is twice as expensive as brand B, a consumer who purchases B twice will have the same 'loyalty' measure as a person who buys A once, assuming equal budgets. In that the latter consumer makes half as many conscious decisions to buy as the former, s/he may be considered less brand loyal. Again, the inclusion of a method of attitudinal preference can overcome this problem.

Neither Brown nor Cunningham considered a measure of cognitive bias in the



purchase decision. Where first-brand 'loyalty' is well above the estimated random probability of such choices, there is nothing to suggest that the any decision is even involved. It may be simply a case of convenience, closeness of store, shelf positioning, habit, an eye catching package, or other situational factors. Due to their operational simplicity, these two measures continue to be used despite the obvious disadvantage that they lack a measure of consumers' cognitive preference in their choice decisions.

However, the continuing use of these measures has reduced the relevance of 'loyalty' research. Where a consumer simply does not switch brands for a period of time, with no consideration of the reasons behind this, authors are frequently prone to term this "brand loyalty." Where a consumer uses a particular store repeatedly over and above others available, without considering the consumer's attitudes or situational circumstances, this is often deemed "store loyalty." Within the existing literature, the most frequent use of the term 'loyalty' in consumer behaviour is for repeated actions.

## 5.5 CAUSAL FACTORS OF PREFERENTIAL BEHAVIOUR AND ATTITUDES

Without mention or, better, investigation of causative factors, the semantic meaning of the word 'loyalty' becomes almost irrelevant, reducing its significance in the eyes of all but academic researchers involved in the field. Some managers may take the view that, as long as consumers continue to buy their brands repeatedly, there is no immediate need to consider the reason why in detail. Moreover, for those managers whose brands are unsuccessful, the first objective is to get consumers to begin to buy, let alone continue to buy over a period of time; but this would be a rare and short sighted view. Knowing why a brand or store is successful is important both to maintain that success and to help build success in other cases. There is justification for further serious effort to understand repeat purchasing over and beyond simply identifying such behaviour. Equally, it may be necessary to reject openly some previous studies

which claim to demonstrate consumer 'loyalty' when they merely show repetitive behaviour. Such cases are cited below in discussing the causes of consumer 'loyalty'.

Various ideas for what might cause 'loyalty' have been suggested. An advantage of having such a large body of contradictory and inconsistent literature, is that by reviewing the suggested reasons behind 'loyalty', it is possible to clarify, develop and re-define precisely what should or should not be meant when a researcher uses the term. Various causative factors suggested include socio-economic variables, attitude, personality, risk reduction, image perception, and self-conception. Not all have been openly related to 'loyalty' studies, but all contribute to proper understanding.

#### 5.5.1 ATTITUDINAL CAUSES OF CONSUMER PREFERENCE

Prior to Brown's work, Guest (1942) had already begun a study based purely on consumers' stated preferences. The definition employed was the height of simplicity. Respondents were considered 'brand loyal' to the brands they mentioned when asked, "Which brands do you prefer?" This is clearly inadequate in that it totally ignores the behavioural response to stated preferences.

One positive and interesting result of his work is that, in a follow up study twenty-two years later (Guest 1964), the same respondents frequently cited the same brand names as being most preferred. This suggests that successful brand names have significant meaning to consumers even over long periods of time. If such cognitive preference is supported through actual purchase behaviour, these 'loyal' consumers could be highly valuable sources of information for brand managers due to their long term and, presumably, deep perceptions of the brand.

The study by Bass and Talarzyk (1972) has been overlooked in much of the later brand 'loyalty' literature. Admittedly, the results of their study are typically inconclusive of operationalised preference related studies, but their



aim to relate attitudes to brand 'preference' rather than 'loyalty' may also have caused it to be overlooked. While treating brand 'loyalty' far too generally, researchers may have sometimes missed related areas for the simple reason that they are looking for the wrong terms.

The study measured consumers' attitudes in relation to a list of, apparently, author determined product attributes. Pointing out previous evidence for socio-economic and personality variables to relate to preference at an aggregate level, they note that past results were too inconclusive to measure individual cases. The authors therefore attempted to discover whether individual attitudes related to preference when measured by beliefs about specific brand attributes. In the end, they found correlations between attitudes and certain demographic variables and the incorrect prediction of preference, but could go no further. Even had their results been more useful, the study was similar to Guest's in that behavioural measures could not be included. They did, however, recognise this weakness.

Bass and Talarzyk define a consumer's attitude to a brand as being a "function of the relative importance of each of the product attributes and the beliefs about the brand on each attribute." Such beliefs are based at the individual level, suggesting, as other authors have noted, a possible link between 'loyalty' and personality and self-concept. This is discussed below.

Kraft, Granbois and Summers (1973) also failed in an attempt to produce an attitudinal measure that could predict brand choice better than, for example, merely considering the consumer's previous choice. They suggested that certain brand attributes are considered in evaluating a brand, and that such attributes were limited in number per choice with four being the optimum. In addition, they found that positive attitudes were more common towards attributes of the brands that the consumer was regularly using at the time. This suggests that, even where attitude and behaviour constructs are used, care needs to be taken in implying 'loyalty' from empirical results as brand switching may occur in the immediate future.

Finally, in relation to the necessity of both behavioural and attitudinal measures being employed, Day (1969) also felt that a purely behavioural measure of 'loyalty' was incorrect. He introduced the idea of 'spurious loyalty.' In such a case, repeat buying behaviour exists, but without any true attachment to the brand or store. Much of the existing research has really only shown this 'spurious' type of 'loyalty'. Day's work will be more fully considered below.

#### 5.5.2 PERSONALITY FACTORS AS A CAUSE OF PREFERENCE BEHAVIOUR

In addition to attitudes, intuitively a person's personality may play a major role in determining his or her shopping behaviour and choices. Oppenheim (1966: pp.109-111) suggests that attitude is merely a superficial level of personality. As attitude is clearly a key causal variable in 'loyalty' development, there may be a case to link preference behaviour with human personality. Early attempts to link behavioural 'loyalty' measures with personality as measured by personality inventories and attitude statements proved inconclusive.

Evans (1959) made one of the earliest studies of psychological elements involved in brand choice using the Edwards Personal Preference Schedule (EPPS). He concluded that the resulting correlations were too weak to be of importance. Even though Kuehn (1963) later reworked the same data and actually succeeded in uncovering a stronger relationship, he still could only link two of the EPPS variables to one of the brands in question. Kuehn had to admit that his analysis still could not discriminate precisely between the two brands, and suggested that this was due to many other situational factors influencing the choice.

Alpert (1972) slightly redefined the relationship as being, "between personality and the importance a buyer places upon various product attributes." Using the EPPS he failed to find any significant correlation between personality and author determined product attributes via factor analysis,



although canonical analysis proved slightly more successful for clusters of attributes and personality variables. Whilst the author was optimistic about there being some link between personality and product choice, his study prematurely complicates the idea by splitting products into a single set of attributes. These attributes could not be generalised between product classes let alone down to brand level. He concluded by making the prudent point that quantitative tests may be inadequate to measure personality.

Again using the EPPS in a more direct attempt to relate personality with brand 'loyalty', and employing the measure of 'loyalty' from Cunningham (1956), Brody and Cunningham (1968) also met with little success. Their analysis improved Cunningham's measure, however, by including the concept of the consumer's perceived risk of purchase as an attitudinal construct of 'loyalty'. They suggest that the higher the perceived risk, the higher will be the consumer's proportion of purchases of his most preferred brand. This, in effect, is the Cunningham (1956) measure of brand loyalty.

Further, they theorised that:

"...as brand loyalty increased, the subgroups examined would include an increasingly small percentage of people who were brand loyal for exogenous reasons. Therefore, personality variables should better identify brand choice for groups exhibiting successively greater brand loyalty."  
(Brody and Cunningham, 1968, p.53)

Thus, when Cunningham's measure is high, situational factors such as price, availability and convenience become less effective, and a greater proportion of behaviour can be related to personality variables. The authors show that when the measure of 'loyalty' was 100%, eight personality variables explained 32% of the variance. Again, however, without the inclusion of an attitudinal measure, their reasoning is incomplete. In product classes where situational factors are relatively constant between purchases and purchases are made frequently, there is no reason to suggest that even sole-brand buyers may not be merely spuriously loyal. That is to say, personality variables may be related to the situational aspects of the purchase rather than to the choice of brand. Again, it is

necessary to predetermine what 'loyalty' is before attempting to discover related variables.

Even so, Brody and Cunningham's inclusion of the 'risk' factor does seem to be of considerable relevance and needs further discussion. Indeed, as discussed below, risk reduction has been cited as a possible cause of consumer 'loyalty'. The operational measurement of risk employed was simply the respondents' statements concerning performance and social risk. Here, personality and social factors would seem to be related to the level of perceived risk, and so indirectly related to the concept of 'loyalty'.

### 5.5.3 THE RELEVANCE OF SOCIO-ECONOMIC VARIABLES

As with theories of personality, from an early stage, researchers theorised that socio-economic factors could help to explain consumer choice. The use of socio-economic and demographic data is still standard for most marketing managers. In more recent years, the amalgamation of attitude data has led to psychographic profiling, but the inconclusive and contradictory nature of a lot of consumer behaviour research, including that relating to consumer 'loyalty', means socio-economic and demographic data are still considered the most reliable and is the most widely used in marketing practice.

Frank (1967) again employed Cunningham's operational measure of brand loyalty to test its relation to various socio-economic and purchasing variables. He concludes that while many grocery manufacturers often believed otherwise, there was no evidence of a relationship between socio-economic factors and buying patterns. More precisely, he found no socio-economic difference between groups of families who regularly consume private brands and those who consume mainly national brands, and that there was only slight correlation between Cunningham's measure of brand loyalty and socio-economic factors.

Samli (1975) developed an index which appears to segment consumers successfully by aggregate socio-economic data and the status of store they



claim to use. Similar to Guest (1942), the data were collected from interviews outside the store as people were leaving, and are based purely on stated preferences and actions with no recourse to behavioural data. This, yet again, is a case of the author inserting the term 'store loyalty' without proper consideration. In fact, he omits using even basic statements of store preference and simply defines 'loyalty' as the consumer's stated frequency of store use within a given period. As it lacks either behavioural or attitudinal qualification, this is a particularly dubious measure, even though it is operationally very simple. There seems no reason why the author could not have been content with calling this 'stated frequency of patronage' or some other more accurate term.

However, accepting that shopping activity at a store may not always entail an actual purchase, the respondents do qualify as genuine users of the three stores studied. The results of Samli's weighted segmentation index of aggregate socio-economic variables clearly distinguishes between the stores. It is unclear whether he used anything more than his own subjective judgement to classify the status of the stores prior to the investigation, but even so, the evidence does show a link between the stores and the socio-economic variables.

In contrast, Enis and Paul (1970) found that, of seven socio-economic variables measured and considered separately, only 'educational attainment' and 'occupation of household head' were related to the authors' measure of 'loyalty' when attempting market segmentation. Both of these were inverse relationships. That is, lower educational attainment and lower status occupation were correlated to higher values of the index used. The index was developed in an article published after the segmentation study (Burford, Enis and Paul, 1971). It aims to improve on the original Cunningham (1961) measure by incorporating the extent to which consumers switch stores during the period and the overall size of the market available. It still omits an attitudinal measure and is therefore not a measure of true 'loyalty'.

The results of these studies suggest that, while the evidence is weak, the

intuitive feeling that socio-economic status variables are in some way related to store choice still seems justified. The case for brands is less well based, but this will be re-considered below in discussing the social significance of some purchase decisions in relation to self-concepts.

There has been little work that can relate to the choice of both brand and store, but Carman (1970) does indirectly consider this aspect. The Carman-Stromberg entropy measure of 'loyalty' was used. This is the negated sum of the true proportion of purchases received by a brand in relation to the total number of brands on the market multiplied by the log of the same proportion. If it is assumed that  $\log(0) = 0$ , this gives a measure of 'loyalty' that is zero when the consumer only buys one brand on the market, and is maximised when purchases are split randomly between all the available brands. The more brands there are available, the higher will be the score for such random buying. This measure only moderately improves on Brown (1952) as it includes a measure of probability of purchase, but, in that it fails to consider the relative value of the brands purchased, and includes no measure of cognitive evaluation of the purchases through attitudes, it is still inadequate as a measure of 'loyalty'. At most it gives an index of the extent of brand switching activity.

These criticisms aside, however, using the Morgan-Sonquist Automatic Interaction Detector (AID) followed by multiple regression, Carman investigated a wide range of variables in relation to this 'loyalty' index for three grocery products. In addition, he produced the same index for store switching activity and related it to brands.

Despite considering 47 different variables, no one variable appeared to show any significant prediction of the Carman-Stromberg index. The most interesting result was that the single most significant predictor of the Carman-Stromberg index was the same index applied to store switching. The number of different food chains visited explained an average of 64% of the variance in the brand switching index for the three grocery products studied over the fifteen week period. Carman suggested that the fewer stores used, the more the consumer



"restricts [the] opportunity. . .to be disloyal to brands (ie. switch brands). .  
."

Linking this to the large number of private brands within the product classes studied, he went on to suggest a relation to "non-shopping proneness." A profile of a "non-shopping prone" consumer can be defined. S/he used four or fewer food stores during the fifteen week period; visited each twice or fewer times each week; was not prone to buy bargains; often was less committed to homemaking and entertaining at home; took less notice of advertising; and did not live near a particular group of competing food stores. The lack of time or inclination to shop may cause behavioural measures to suggest, spuriously, that 'loyalty' exists. This will be further considered below in connection with shopping restrictions incurred through risk perception by consumers.

#### 5.6 HOW DO CONSUMERS PROCESS THE AVAILABLE CHOICE ALTERNATIVES?

Brand Categorisation is mainly concerned with consumers' perceptual sorting of brands prior to purchase. There seems little reason not to be able to apply the same categorisation process to stores. A number of studies suggest that consumers' know of and use a recognised set of stores from the total number of choices available to them. In order fully to understand some of the more recent concepts that relate to the causative factors of consumer preference, it is useful to first consider this process.

Brand categorisation literature does not claim to concern itself with 'loyalty' or even consumer preference as such, confining itself to the study of consumers' information search and processing patterns involved in brand choice alone. Laroche, Rosenblatt, and Sinclair (1984), however, adapted the brand categorisation model to the choice of universities, which may be seen as a first step in applying a similar conception to store choice. Other authors have also shown or suggested the existence of a recognised set of stores chosen by consumers from among the total alternatives available (see Singson, 1975;

Goldman, 1977).

Laroche, Rosenblatt and Brisoux (1986) give an up-dated summary of the theory's formulation and the following discussion draws heavily on this article. The Brisoux-Laroche model is at the centre of brand categorisation theory, and the conceptualisation of the model is represented in figure 5.1.

The process involved is straight forward. The total number of alternatives available is reduced to those of which the consumer is aware and has "processed", ie. evaluated according to specific attributes that go beyond mere awareness that the alternative exists. Unprocessed alternatives, ie. brands that have not been purchased or stores that have not been visited but are known, are held in the 'Foggy set'.

Further, having developed a clear, evaluated perception of processed options, the consumer categorises these into the evoked, hold, and reject sets for actual purchase consideration.

The concept of a consumer's evoked set of goods, was introduced into consumer behaviour by Howard and Sheth (1969). Howard defined the evoked set of brands as:

"...the set of brands that a consumer considers buying out of the set of brands that he or she is aware of in a given product class."

(p.306, cited in Laroche, et al., 1986)

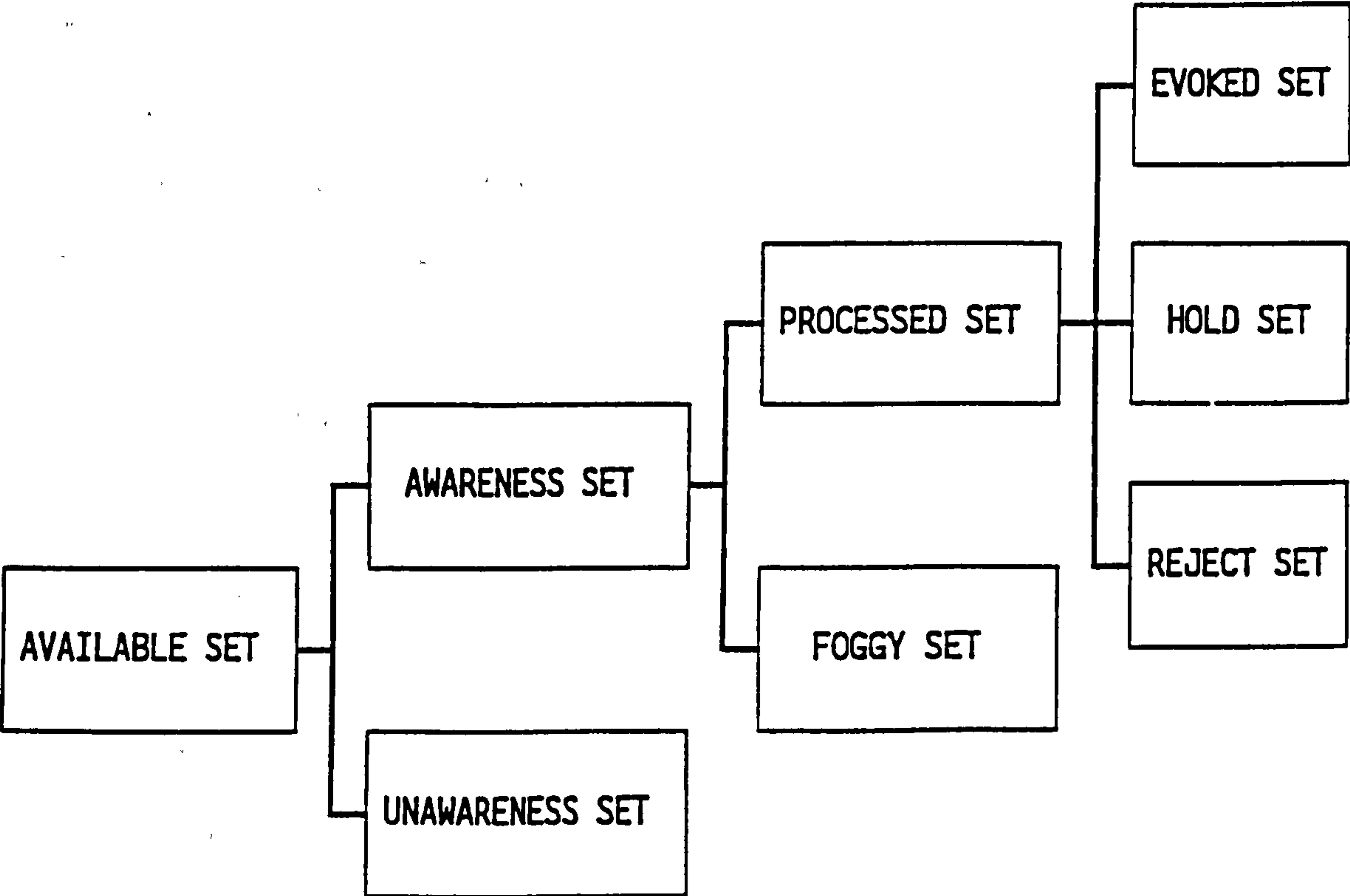
The hold set is said to contain all brands or stores for which the consumer:

- (1) holds positive attitudes, but does not include in the evoked set due to some inadequacy for the specific purchase in question;
- (2) holds relatively negative attitudes, but perceives as good enough in quality and possibly low enough in price not to warrant total rejection;
- (3) holds truly neutral attitudes, and which may later be moved to the foggy set, as they are forgotten due to lack of reinforcement, or rejection set as other options prove clearly superior;
- (4) has only incomplete information. For example, a brand may seem good/bad, but the consumer is unaware of key points at present and is not willing to commit him/herself. These alternatives have, however, received some evaluation, as those which the consumer has not considered at all remain elements of the foggy set.



FIGURE 5.1

THE BRISOUX-LAROCHE BRAND CATEGORISATION CONCEPTUALISATION



Adapted from: Laroche et al.(1986)

The reject set contains those alternatives which the consumer will not consider for purchase or use after having made a full evaluation of the brand's/store's attributes.

The foggy set is made up of those alternatives of which the consumer is aware and can identify with the product class in question, but which, ". . . have no significant meaning for the consumer, since they cannot be evaluated in terms of the most salient evaluative criteria of the product class" (Laroche et al., 1986). It is suggested that consumers may even have tried some of these brands or stores, or seen advertisements, but that the result of either was so inconclusive or insignificant that s/he cannot remember it.

Such a conceptualisation proposes a clear and intuitive process for the understanding of the categorisation of consumer preferences. It provides a major step in the search for consumer 'loyalty'. As mentioned previously, Laroche and his colleagues have applied their theory to various product classes including daily food and household items, but also to the choice of universities and major consumer durables like televisions and microcomputers. It is clear from their conceptualisation that whatever the product class, if a brand (or store) can be considered as an object of consumer preference, it must be a member of the evoked set. That is to say, consumers must hold a positive attitude towards the brand/store, and consider it as a definite alternative in the purchase decision. If consumer 'loyalty' is to exist, the only elements of the evoked set will be those to which the consumer is 'loyal'. This may mean that the number of alternatives in the hold set is relatively high, as the development of 'loyalty' reduces the number of brands in the evoked set. It may be possible that 'loyalty' could even be defined by the relative number of alternatives held in the evoked set as compared with the total number of which the consumer is aware.

This leads directly to further related ideas - perceived risk reduction and brand commitment. Discussion of these aspects of preference development allow for possible clarification of why certain brands find their way into the



consumer's evoked set.

## 5.7 RISK REDUCTION AND CONSUMER 'LOYALTY'

As cited by Brody and Cunningham (1968), 'loyalty' has been considered the result of consumers' attempts to reduce perceived purchase risk. In considering this point, it is useful to refer back to consumers' choice categorisation process.

The process of splitting brands/stores into the sets proposed by Laroche et al. involves limited and extended problem solving - LPS and EPS respectively (Church, Laroche, and Rosenblatt, 1985). EPS only occurs when a consumer has no indepth image of a product class or purchase situation. Neither the brands and/or stores, nor the appropriate evaluative criteria are known to the consumer. On the other hand, LPS occurs when the consumer already has some perception of the product class or purchase situation, but seeks to categorise the alternatives in question more precisely prior to the purchase decision.

Due to the time and effort that will be involved, EPS may be avoided except when absolutely necessary, for example in the case of a first time purchase. LPS, while less arduous, will also take the consumer's time and effort. There are a number of situations where a consumer may perceive a degree of risk in making a purchase. In cases where, for example, a large financial outlay is required; the purchase is of a highly technical nature; purchase opportunity is rare or infrequent; or there is a social risk in relation to the purchase, action may be taken during the choice process to reduce this perceived risk. Problem solving is one method of achieving risk reduction.

Alternatively, the consumer may repeat purchases or purchase situations with which s/he has previous experience. Engel et al. (1986, pp.38-39) refer to this as 'Routine Problem Solving' (RPS). In this case, preference is developed, and if this preference entails a positive attachment to the choice, it may even be said to be 'loyalty' (Day, 1969; Laurent and Kapferer 1985; Traylor, 1981).

Sheth and Venkatesan (1968) reach the same conclusion in considering general risk-reduction processes occurring in consumer behaviour. They cite three forms of risk-reduction defined simply by repeated choice: information seeking, prepurchase deliberation, and brand 'loyalty'. They suggest that, "brand loyalty should emerge over time if brand image exists" (p.307). Using a semi-experimental framework, the choice of hair spray brands over time was tested for these forms of risk-reduction. Although restricted by the experiment conditions, it was implied that, "active information seeking may only be important when either the buyer moves into a new product class or the product is an innovation." This is consistent with the idea given above that regular behaviour will not be characterised by EPS. The reason the authors suggest for this is that it is the brand that people most rely on. They state:

" . . . perceived risk is a necessary condition only for the development of brand loyalty. The sufficient condition is the existence of well-known market brand(s) on which the consumer can rely. . . risk reduction from experience with the brand is the most important process."

(Sheth and Venkatesan, p.310)

The avoidance of prolonged and repeated information search is similar to the convenience of habitual repeat buying that Day (1969) considers as spurious 'loyalty'. The important difference of Sheth and Venkatesan's study, however, is their emphasis of consumers' brand reliance being a result of brand image as well as brand experience. Consumers must build a positive relationship with the brand over and above the product class in general. The brand, rather than the product, comes to have intrinsic meaning to the individual consumer. This suggests an involvement with the product and a commitment to the brand.

Perception of risk may affect store choice somewhat differently. While fully recognising choice limitation and possibly 'loyalty' as risk reduction measures for brands, where brand knowledge is lacking to the extent that at least LPS is required, the choice of store may become a requisite employed in order to reduce risk. Hisrich et al.(1972) specifically suggest that low frequency purchases, such as the case of curtains, carpets and furniture, provide



examples of this situation, but they fail to find a significant relationship between perceived risk and store choice limitation.

Perceived risk of making a poor purchase would, logically, seem to be one factor that may cause 'loyalty' to stores or brands, but positive empirical evidence is lacking. More importantly, it needs to be decided whether 'loyalty' is a positive or a negative reaction. Hisrich et al. point out that a poor purchase on a previous occasion will lead to the consumer avoiding the choice in future. This is a risk reduction process, but a negative response. Risk avoidance is the consumer's attempt to reduce the probability of bad decisions, not the positive search for the best solution. In the literal sense introduced above, the concept of 'loyalty' implies that consumers will repeatedly choose brands or stores for the positive advantages that are perceived in the choice, not through the disadvantages of choosing other alternatives.

Risk reduction would seem to contribute to consumer 'loyalty', but it should not be considered a causative factor. Consumer 'loyalty' will reduce risk, but where consumers seek purely to avoid certain alternative choices, care must be taken in claiming the existence of 'loyalty' where in truth only convenience seeking behaviour is taking place.

In other words, options to which the consumer is truly 'loyal' will be elements of his or her evoked set. In addition, 'loyalty' will be most accurately determined where the consumer holds positive preference attitudes towards these options and the number of options is relatively small. If, however, the number of elements in the hold set is particularly small, and the number in the reject set relatively large, this would suggest that the consumer's evoked choices are more a result of alternative choice avoidance than a positive commitment. Where s/he became aware of a new, acceptable choice, the likelihood is that switching would occur as the new choice becomes an element in the evoked set with relative ease.

In summary, true consumer 'loyalty' requires more than simply a preferential attitude and behavioural response. There needs to be a positive inclination

towards the choice of store or brand in the same way that loyalty would be shown to a fellow human being.

## 5.6 CONSUMER INVOLVEMENT AND CONSUMER 'LOYALTY'

So far the discussion has emphasised consumer 'loyalty' as being two-dimensional, behavioural and attitudinal, as a basic minimum. It has been shown that most early studies of 'loyalty' have totally ignored one or other of these two dimensions due to misconception. It may be very difficult adequately to define consumer 'loyalty' that does not restrict its observable occurrence to a few rare individual cases. In seeking an accurate definition, it is necessary to expand beyond the two dimensions discussed so far.

As mentioned above, due to a dissatisfaction with the use of behavioural measures alone, Day (1969) introduced the term 'spurious loyalty'. He defined spuriously loyal consumers as having a lack of attachment to the brand's attributes and being willing to switch without any serious consideration. He then went on to insist that both behaviour and attitude were necessary prerequisites for 'loyalty', and included both factors in his own model. Barwise and Ehrenberg (1985), however, have noted that all users of a brand will inevitably hold some kind of attitude towards the brand simply as result of familiarity, and most usually this attitude will be a favourable one. Even where a favourable attitude exists, spurious loyalty cannot be precluded. It is necessary to consider the consumer's behaviour over time. Over a given period, the probability of brand switching will increase markedly where the consumer is merely spuriously loyal. Thus, favourable attitudes do not provide the only criteria for consumer 'loyalty'.

In fact, Day indicated the best solution in his original article:

"...true brand loyal buyers are committed to the value and price appeal of the brand by being confident that they have judged the brand correctly. . .Loyalty is based on a rational decision made after evaluation of the benefits of competing brands. . .in effect, a commitment to the brand."

(Day, 1969: pp.34-35)



Day pointed out that commitment to brands will only arise infrequently, but, once made, will lead to habitual buying with little new decision making, even to the extent that competitive promotions may pass unseen. He also demonstrates that such commitment is brand specific. This kind of brand evaluation process has been developed into the concept of choice categorisation discussed above.

While Day introduced such terms as 'attachment' and 'commitment' to the study of brand 'loyalty', consumer (brand) commitment and its antecedent, consumer (product) involvement, gained recognition in consumer behaviour following its development in social psychology. In reviewing the current state, Traylor (1981) described product involvement as:

"...a recognition that certain product classes may be more or less central to an individual's life, his attitudes about himself, his sense of identity, and his relationship to the rest of the world."

(Traylor, 1981: p.51)

This is called 'ego-involvement' in the social psychology literature. The term 'product involvement' refers to the consumers (not the products) being ego-involved. The degree of involvement will vary depending on the individual consumer and on the product class. It consists of two elements - normative importance and brand commitment. The former refers to the extent to which a product class is connected to, or engaged with, a person's life (Lastovicka and Gardner, 1977; Traylor, 1981). Traylor points out that this is basically the same concept as product involvement itself. Brand commitment is defined as "the pledging or binding of an individual to his brand choice" (Lastovicka and Gardner, 1977; Traylor, 1981).

As with the concept of choice categorisation, it is conceivable, although a little more difficult, to consider not only product involvement in choice behaviour, but equally store involvement. In the case of a speciality store offering a single, well defined product class or even a single brand, as is the case for many Japanese small stores, this is easy to understand, although

distinguishing between store involvement and product involvement may prove difficult. On the other hand, where a large store of any type offers some distinguishing characteristic that produces a positive preference in certain consumers, there is no reason why those consumers should not become involved with the store. This would lead to frequent store use, for both purchase and recreational shopping activity, favourable store perceptions, and positive attitudes to the store as a whole. (4)

Only a small number of authors have attempted to link brand commitment with 'loyalty'. Cohen and Houston (1972) seem to suggest that brand commitment and brand 'loyalty' are one and the same thing. Their discussion proposes that brand 'loyalty' develops as a way of avoiding "cognitive dilemma." If a consumer is satisfied with the consumption of a particular brand, he may gain most from repeating the purchase, rather than spending more time re-appraising other brands. Problem solving and information processing is replaced by habitual buying. The authors' assertion that any re-appraisal will be on the same product attribute that contributed to the original decision, seems consistent with the idea of a consumer's evoked set.

However, Cohen and Houston's operational definition of brand 'loyal' consumers as those who were single brand purchasers "most of the time" or "quite regularly" is typically imprecise, omitting both true behavioural or attitudinal measurement. As their study aimed to measure the "cognitive consequences of brand loyalty," this is clearly inadequate, being based solely on the reported behaviour of consumers. It would have been far more acceptable if they had limited their terminology to 'brand preference'.

Indeed, in considering any relationship between brand commitment and brand 'loyalty', Traylor (1981) also regarded much of the literature as inconclusive. He goes on to suggest that brand 'loyalty' could exist where no attitudinal commitment was present, and that a consumer would switch brands due to the 'minor irritation' of an out of stock situation and still be considered brand 'loyal', but uncommitted. Here, however, he has clearly overlooked Day's



discussion, and is mistaking spurious loyalty for true brand 'loyalty'.

As shown above, brand 'loyalty' requires both a behavioural construct and an attitudinal one. The attitudinal factor can be understood in terms of the elements in the consumer's evoked set which command observable commitment. Indeed, Traylor implies precisely this:

"The greater the brand commitment, the more firmly fixed is the brand as the only choice within the product class. The extreme is an evoked set of one. A stock-out of this brand will be a major problem, causing the consumer to seek elsewhere."

(Traylor, 1981: p.52)

Although he then goes on to say, "brand commitment implies brand loyalty, but not vice versa," when Day's conceptualisation is considered, this latter comment is clearly incorrect. Traylor is describing true consumer loyalty in his previous quotation. True loyalty inevitably seems a result of commitment.

In addition, Traylor demonstrates from the social psychology literature that the fewer the number of brands held in the consumer's evoked set, the more highly involved the consumer is with the product. Low-involvement buying is characterised by increased switching and variety seeking behaviour. It can thus be inferred that high-involvement will produce the opposite effect as, "the higher the involvement, the greater the commitment and. . .loyalty to a brand" (Traylor, 1981).

Laurent and Kapferer (1985) suggested that the extent of the consumers' search activity and problem solving process will vary with the degree to which they are involved with the product. Again, this appears to relate to the concept of choice categorisation. The higher the degree of consumer involvement with a product, the more willing s/he will be to search and consider a range of product attributes. <sup>(5)</sup> In stating that the consumer's "willingness to reach a maximum level of satisfaction" is also a function of involvement, they seem to be saying that preference will also result from involvement. This is consistent with Traylor's ideas concerning involvement, commitment and 'loyalty'.

Included in Laurent and Kapferer's study is a detailed review of various

types of suggested consumer involvement along with the possible reasons for their development. Drawing on their study, three pairs of involvement types are introduced below.

#### (a) ENDURING AND SITUATIONAL INVOLVEMENT

Enduring involvement stems from individual beliefs and concerns with the product class in general in relation to personal values. As it is relatively stable over time, where commitment exists, highly enduring involvement is most likely to lead to 'loyalty'. Situational involvement results from a particular purchase, such as a gift or item for use at a social event. Mittal (1989) refers to this as purchase involvement, but expands the idea to include all purchases requiring a degree of problem solving. Where similar purchases based on situational involvement recur over time, it is possible that 'loyalty' could develop. A good example would be the frequently observed case of Japanese mid-year and year-end gift purchases. Here the involvement is chiefly with the store, usually a department store, which provides a full gift selection, wrapping and delivery service (see Creighton, 1988). In effect the involvement is not merely with the store, but also with the gift-giving event, which is of great social importance to the majority of Japanese.

#### (b) EMOTIONAL AND RATIONAL INVOLVEMENT

Emotional and rational involvement appears less applicable to purchasing behaviour. Laurent and Kapferer equate these concepts with purchase interest or pleasure. That is to say, they have more to do with shopping activity than purchase behaviour. It is difficult to accept that pleasure, and especially interest, is lacking from any shopping or purchase situation. Surely the case of no interest would lead to no purchase. Correct purchase decisions usually can be expected to contain some significant rational element, but, equally, all purchases will involve at least a small emotional element as well. In an advanced society, arguably this could even be extended to basic necessities due



to the large range of choice available to consumers: to buy pork or beef, carrots or peas. The authors' claim that "pleasure is absent" in the purchase of steam irons would appear to be a purely personal judgement. For some people little pleasure will be derived from such purchases, but for others all purchasing activity will be relatively pleasurable.

### (c) PERSONAL AND IMPERSONAL INVOLVEMENT

Finally, personal and impersonal involvement appears to have relevance to the present discussion. The authors state:

"Looking at some product alternatives, the consumer looks for the difference that corresponds to his or her own identity, or ego. When product choice is perceived as the sign of oneself, involvement is present."

(Laurent and Kapferer, 1985: p.42)

In the same way that previous researchers have attempted to show a relationship between 'loyalty' measures and personality variables, Laurent and Kapferer here introduce another related concept. That is, a brand or store can present attributes that are consistent with the consumer's personal view of the world and his or her own self. Where this occurs as personal involvement, it is likely that preferred choices will develop. Where this type of involvement is especially strong, such a choice is likely to result in 'loyalty'.

Thus, in relation to consumer 'loyalty', involvement will be emotional, enduring, and personal. The term 'ego involvement', as cited from the social psychology literature, summarises these three facets. Consumer ego involvement would seem a very appropriate term.

Consumers' involvement with, and commitment to the various choice alternatives available to them is thus a key element in discovering the true nature of consumer 'loyalty'. At the same time, there seems no reason that consumers should not feel the same involvement and commitment in their choice of stores.

However, while we have a definition of commitment, in order to

operationalise this, it is necessary to consider the sources of such attitudes further. Again, by cross referencing to other branches of preferential choice research, one reason for choice commitment can be seen in the desire for risk reduction.

Laurent and Kapferer go on to discuss this, and introduce a number of antecedents to involvement necessary for its operational measurement. They suggest four constructs for involvement development:

- (1) "The perceived importance of the product and the perceived importance of the consequences of mispurchase" (Laurent and Kapferer, 1985: p.44). Quoting Bauer (1967), the authors show that the perceived risk implied by a product both implicitly and situationally is linked to the importance of the purchase to the consumer. The importance of the purchase can be said to be the degree of purchase involvement (Mittal, 1989).
- (2) "The subjective probability of a mispurchase" (p.44). This is the consumer's perceived extent of the risk involved in the first construct. Consumers will develop greater degrees of involvement where a high degree of risk is associated with the failure of the purchase.
- (3) "The hedonic value of the product class" (p.45). The hedonic value of the purchase signifies the emotional content of the purchase. Where the purchase is specifically for the individual's pleasure, the extent of involvement is likely to be high in order that the pleasure is maximised. The hedonic aspects of shopping enjoyed by some people is described by Bloch and Richins (1983) and Bloch et al. (1989). In these studies, it is shown that the pleasurable value of shopping extends beyond even the product class. This demonstrates that, at least in terms of their hedonic value, involvement with stores is as important as product involvement. High hedonic value attached to alternatives may well result in brand or store commitment.
- (4) "The perceived sign value of the product class" (Laurent and Kapferer, 1985: p.45). This is the symbolic value of the product. Symbolic value may be a personally or socially orientated attribute of the product, ie. it may have some value that has personal meaning to the individual or to the individual's peers. Where symbolic value is high, involvement will also be high.



The empirical results of Laurent and Kapferer's study confirm the above constructs and seem clearly to define levels of involvement between product groups. High involvement was found for dresses, bras and washing machines, and low involvement for toothpaste, facial soap and detergents.

However, at this point the usefulness of Laurent and Kapferer's study is complete. They do not take their study down to the brand/store level of commitment. As was shown by Traylor (1981), consumer ego involvement needs to be high to allow the formation of commitment, and it is this commitment that is the key to the development of consumer 'loyalty'. Laurent and Kapferer's reasoning describes the development of commitment and so relates to the conceptualisation of 'loyalty'. In addition, the authors' emphasis on consumers' perceived risk and its avoidance is consistent with the previous discussion relating directly to 'loyalty'.

On the same lines, it is now appropriate to consider in greater detail the second aspect of Laurent and Kapferer's study, that of the symbolic and hedonic importance of purchases and their relation to a consumer's self-concept and social behaviour.

## 5.9 SELF-CONCEPT, PERCEPTIONS AND SYMBOLISM

### 5.9.1 CONSUMER PERCEPTION AND CHOICE

Self-concept has been shown to be linked to perceptions of brands and stores. It is not clear from the literature just where perceived image and symbolic meaning merge, but they both seem to be related to the consumer's self-concept or self-image - terms which seem to have been used quite interchangeably.

Lindquist (1974: p.29) described "symbolic image" as a simple summary of "a vast complexity of values and meanings" that may be true or merely what we believe to be true. More recently Solomon (1983: p.320) defined a symbol as, "a stimulus with a learned meaning and value; the person's response to the stimulus

is in terms of this meaning", and noted that, "consumers employ product symbolism to define social reality and to ensure that behaviors appropriate to that reality will ensue."

For a consumer to have no perception of a store whatsoever, would imply that the consumer is unaware of the store, ie. the store is in the individual's unawareness set. The number of stores available to consumers will be far fewer than the number of brands, and it is probable that consumers will have a processed awareness of a large proportion of these, leaving very few in the foggy and unawareness sets. Less risk is involved with trying out a store as no purchase is strictly necessary. Thus the number of available stores in the hold set is likely to be large. Elements in the evoked set will consist mainly of those considered suitable for a particular purchase.

In the current discussion, store and brand perceptions and symbolism will only be considered with reference to self-concepts and self-perceptions (or self-images). This omits the large and complex literature on image measurement. This will be considered later with direct reference to Japan and the survey results (see chapter 10). For the time being, self-concept in consumer behaviour theory provide a further indication of choice commitment and, consequently, 'loyalty'.

The theory of human self-concept is long established in social psychology. Already in this discussion, certain psychological concepts and links have been mentioned. Grubb and Grathwohl (1967) made one of the earliest studies of the links between self-concept and consumer choice. After noting that little evidence had been found to link personality tests to choice, they proposed that a link could be made if the brand (or store) image is considered as the factor that is "attractive to the human psychic." In other words, whereas researchers had previously attempted to investigate personality in its entirety, this was now reduced to self-concept. Through a review of previous literature, self-concept is presented as:

" . . . what one is aware of, one's attitudes, feelings,



perceptions, and evaluations of oneself as an object. The self represents a totality which becomes a principal value around which life revolves, something to be safeguarded and, if possible, be made still more valuable. An individual's evaluation of himself will greatly influence his behavior [and] the more valued the more organised and consistent becomes his behavior."

(Grubb and Grathwohl, 1967: p.24)

In addition, the authors show how self-concept is built around the reactions of significant reference groups and individuals such as parents, peers, teachers and others. To this can be added the societal influence that works on all members of a particular culture. Such societal influences are of particular importance in Japan where, although social class is of little importance, social stratification is minutely intricate and observably oppressive (see chapter 8).

## 5. 9.2 SYMBOLIC SIGNIFICANCE OF CONSUMER CHOICES

Products are seen as having a recognised symbolic meaning at the societal level. In Japan this is true of gifts, with chosen brands and stores having significance to both the giver and the receiver. It is also true for certain goods which can indicate the position of a person's rank in society through their use. In chapter 6, it is shown that use of a particular store can suggest or confirm the social rank of a person in society.

A product "directs actions and arouses expectations" through its symbolic value (Grubb and Grathwohl, 1967: p.25). This is, in turn, intrinsic to the individual's personal use of the product, and extrinsic in the social meaning that can be interpreted by outside audiences. Symbolic meaning is dependant on each consumer's individual understanding, and will vary between individuals in a similar way to Linquist's definition of image (Lindquist, 1974). The result of interaction between learned symbolic value of products or stores and an individual's self-concept will be choices that seek to support and enhance self-concept both intrinsically and extrinsically. Such choices define the individual, and would be important in the development of 'loyalty'.

Several studies have demonstrated a relation between self-concept/self-perception and a measure of brand or store image. Both Grubb and Hupp (1968) and Birdwell (1968) found evidence to suggest that preference for makes of cars is related to perceived self-concept. These studies distinguished differing self-concepts between users of different brands. As the studies considered users of certain brands, they have been criticised for not truly measuring causality, because product images are evaluated, and congruity with self-concept developed, at the pre-purchase decision stage (Landon, 1974). As Solomon (1983) argues, however, consumption of symbolic meaning occurs with use as well as purchase. Certainly this is true in Japan where audience can be notably intrusive. This point, and the relationship with the choice of stores by Japanese consumers is considered in chapter 8.

Both Grubb and Hupp (1968) and Birdwell (1968) demonstrate the problems of image measurement. For example, Grubb and Hupp limit the use of a self-concept construct to one brand, and inadvertently imply that only the Pontiac owners were "interested in the opposite sex", while Chevrolet owners were not (Grubb and Hupp, 1968: p.60)! The authors do, however, note that they are really measuring stereotypes rather than true images.

Dolich (1969: p.80) builds on the above research by noting that, "individual behaviour is regulated by each person's perceived similarities (or dissimilarities) of environmental conditions to self-images." Brands and stores are included in these environmental conditions. In addition, although Grubb and Grathwohl (1967) make brief mention of the ideal self-concept, Dolich goes into more depth. Dolich hypothesised that it may be the ideal self-concept which the consumer seeks to fulfil through his or her purchase decisions. Unfortunately, the author failed to find any evidence of this beyond a slight indication that men may be more idealistically orientated than women.

There is a significant weakness in Dolich's study. His choice of beer and cigarettes as publicly consumed products, and soap and toothpaste as products for private consumption was made for simplicity and research convenience, but,



as Landon (1974) notes, the latter two products, while consumed privately, have great bearing on social behaviour, and often will be purchased for socially symbolic purposes.

Secondly, and more importantly, Grubb and Grathwohl (1967) point out that it is social recognition that produces the strength of the product's symbolic value. All four of Dolich's products are only minor social goods that have little risk value for a consumer because, due to low price and high availability, socially successful purchase and use can easily be achieved. Unsuccessful social situations related to these products are easy to avoid. Grubb and Grathwohl (p.25) cite fashion as a "prime example of symbolic classification and consumer behaviour." The use of cars by both Grubb and Hupp (1968) and Birdwell (1968) also would seem more appropriate for studies of symbolic meaning.

It must be emphasised that it is the social risk value and not simply the financial risk that causes consumers to purchase and use products that reflect their actual or ideal self-concepts. This is shown by Landon's study of self-image with purchase intention (Landon, 1974). Beer was the product class where self-image correlated most strongly with purchase intention for men, and art prints for women.

While any product must hold some symbolic importance as regards self-concept, choices that hold major social significance in the purchase situation (ie. choices of stores) or in their use (ie. choices of brands) will probably show the most congruence with self-image. Where there is a high risk of making a socially unacceptable choice that is inconsistent with self-image, certain risk reducing options will be preferred. Where a consumer has consciously considered the type of image he wishes to convey and maintain, and, consistent with that image, develops a commitment to certain choices, it is feasible that consumer 'loyalty' will be the result.

Ideally, of course, a study should first determine which products to consider. The differing aspects of symbolic interpretation of products by

different types of consumer was addressed by Belk, Mayer and Bahn (1981) and showed marked variations between groups.

### 5.9.3 SELF-CONCEPTS AND CONSUMER CHOICES

The volume of research that considered self-concept and brand perception congruence is less than that concerned with store perceptions. One notable exception is a study by Green, Maheshwari and Rao (1969), although the results were inconclusive. They found cases where car brand preference exhibited congruity with self-concept, but equally cases where it did not. As the study employed only hypothetical ownership, using photographs as stimuli. The inconclusive results may be because significant congruence is mainly developed through ownership experience.

The authors suggest two new points: namely that self-concept is stable over time, and that purchasing to satisfy ideal self-concept can be seen as a method of avoiding unfavourable aspects (risk reduction), or to deny true, but undesirable self-concept.

In a related study, Witt (1969) showed a complex interconnection between brand choice and social group influence. Where group cohesiveness was relatively strong, brand choice was influenced to a greater degree. Again, this is a result that can be related directly to the Japanese situation where the reaction and influence of the group has great bearing on the actions of the individual. Witt pointed out that where products were genuinely for private consumption this may not be so. He also noted that the extent of group influence depended on product type. It is debatable, however, as to whether any consumer choice can be totally divorced from social and group influence. Again, product classes with high perceived social risk may be open to the greatest social group influence.

Ross (1971) examined the extension of ideal self-concept in addition to 'actual' self-concept. He suggested that ideal self-concept was more relevant to



conspicuous consumption situations in a similar way that Witt (1969) played down the significance of privately consumed choices. Ross noted that products and brands which had high symbolic meaning for consumers would be more likely to be consumed conspicuously, which, in turn, further enhances the symbolic value of the brand. The author demonstrated brand preference / self perception congruity, but to a greater extent for actual self-concept than for ideal self-concept.

Landon (1974) also agrees that while actual self-perception is more related to purchase intention, ideal self-perception purchases are made in order to avoid or deny actual self-perception (see Green et al., 1969). He concludes that certain product classes correlate with actual self perception whilst others correlate with ideal self-perception.

Cardozo (1974) and Lindquist (1974) both emphasise the symbolic nature of consumer purchases and the variation that often exists between product classes. Lindquist disagrees that image (or perceptions) will not change over time (see Berry, 1969). It is difficult to believe that image will remain static over long periods, especially in the case of stores and brands. Individuals' self-perceptions may be more conservative than their perceptions of brands or other people (Green et al., 1969), but even self-perceptions will slowly change and develop. Both Cardozo and Lindquist discuss the difficulty in obtaining empirical measurements of store image due to the mixture of tangible functional factors and intangible psychological factors that relate to individual consumers self-concepts (Martineau, 1952).

Bellenger, Sternberg and Stanton (1976) produce a multivariate measure of store loyalty that improves greatly on Cunningham (1961). The authors include the consumer's rank ordering of the group of stores among which the choice is made. In measuring both store image and self-image, however, psychological scales consisting of assertiveness/passiveness and objectiveness/impulsiveness are applied to both store personnel and the store itself. It is clearly inappropriate to apply the same psychological measure to stores as is applied to

human beings, and this may have caused some confusion among respondents. Such an interpretation can only be of academic interest to certain researchers.

Finally, Sirgy and Samli (1985) proposed a path analysis that describes store 'loyalty' in terms of self-concept, store image, geographic loyalty and socioeconomic status. They suggest in their model that, "store image is a positive function of self-image/store image congruity," and that, "store loyalty is a positive function of store-image evaluation" (p.269). The definition of 'loyalty' that was employed was based on Jacoby's work (1973; 1978) and will be discussed below.

Nevertheless, Sirgy and Samli failed to show any clear connection between store image and self-concept, or between these factors and store 'loyalty'. As the authors suggest, this may have been due to their data collection methods which were based mainly on semantic differential techniques. It is not clear how they derived the relevant adjectives and personality/store attributes that were employed. In this case, there is no guarantee that the attributes used have any significance to more than a fraction of the survey sample, even though standard validity tests were applied to the results. The problem, again, is finding constructs that both the researcher and the respondent understand, that relate to the theory, and that are intuitively obvious to all sides. This problem was tackled in detail by the survey methodology employed in the present study (see chapter 7).

#### 5.10 RATIONALISING SELF-CONCEPT AND PREFERENCE

How does self-concept and self-image relate to the development of consumer 'loyalty' and preference? It has already been shown that behavioural repeat purchasing may include a positive attitudinal element within the consumer's choice. Where congruence between self-concept and brand choice leads to positive commitment, 'loyalty' could well be the result.

'Loyalty' becomes a feasible outcome where the use of a brand or store that is amenable to existing self-concept supports and enhances this perception in



the eyes of both the individual and significant other people around him<sup>3</sup> or her. Self-concept is often perceived as a consequence of the constantly changing environment that surrounds the individual, but, conversely, development of self-concept is slow, and becomes increasingly conservative over time (Green et al., 1969). As perceived self-concept becomes more secure, consumption preferences also become more stable.

This explains individual tendencies to limit preferred consumption alternatives and the number of elements in the evoked set. Because of the continual flux in a person's image and self-concept, some kind of limitation on a person's perceived choice alternatives is necessary in order to ease the development of individuality and personal variety. Each individual's evoked set is unique to that individual. Change within the choice set is indicated by regular changes in the types of products, brands and stores an individual uses. If such changes were clearly observable, however, it would imply rapid changes to individuals' self- and consumption perceptions within a short space of time. This is clearly not the case in reality.

Stability in consumption choices is also a result of other factors already discussed. Personality is not subject to frequent and sudden changes in normal human beings. Few people change the location of their homes regularly over short periods, which means their possible shopping alternatives remain relatively stable. Rapid changes in such factors would increase the level of risk and uncertainty felt by an individual, and are therefore actively avoided.

Yet this is a general implication. Self-concept is related to all product classes and will influence most purchases to some extent, but, as is suggested by a comparison of the work of Dolich (1969) with others using more highly symbolic products (see Landon, 1974), where the purchase has notably high social symbolic significance, the possible effect on self-concept is greatly increased.

For these reasons, it is proposed that the term consumer 'loyalty' may accurately be employed under conditions where a brand or store:

- (1) holds special social symbolic importance for an individual;

- (2) is considered an acceptable purchase alternative as a member of the consumer's evoked set;
- (3) has been carefully and fully evaluated against a number of other possible alternatives and found to be the positively preferred option (rather than being negatively preferred as a result of rejecting the others);
- (4) and the consumer holds a high positive commitment to the continued use of the option as a result of high involvement with the brand or store

#### 5.11 JACOBY'S CONDITIONS FOR BRAND LOYALTY

It was mentioned in the introduction that several reviews of the consumer 'loyalty' literature already exist. In order to fully reconsider relevant parts of the literature, the discussion has largely avoided these up to now, but no consideration would be complete without mentioning the work of Jacob Jacoby.

The definition of brand 'loyalty' put forward in both Jacoby and Kyner (1973) and Jacoby and Chestnut (1978) is basically the same, and, through indepth reviews of research up to those dates, much of the reasoning behind this research has been covered in the present discussion. The definition which was proposed was as follows:

"Brand loyalty is (1) the biased (ie. non-random), (2) behavioural response (ie., purchase), (3) expressed overtime, (4) by some decision making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision making, evaluative) processes."

(Jacoby and Kyner, 1973; Jacoby and Chestnut, 1978, p.8)

With the exception of considering "decision making units" and "one or more alternatives", each of the points presented in this definition have already been considered above.

By emphasising the decision making unit, the authors seek to make clear that 'loyalty' applies purely to the person who makes the decision. This is not necessarily the same person who purchases the brand. For example, a man may drink only one brand of beer, but it may be his wife who makes the purchase.

In the case of store 'loyalty' this does not present a problem as stores are



not often used by proxy. That is to say, as 'loyalty' must involve a behavioural response (Jacoby's condition 3), someone who prefers a store, but does not use it his- or herself, cannot be considered truly 'loyal'. Where a husband asks his wife to purchase a particular brand, he will probably be the final user, and could therefore be considered brand 'loyal' in some circumstances. Requesting that someone use a particular store without specification of a particular brand or product would be highly unusual and very rare. In the case of store 'loyalty', the decision maker will most probably be the store user. <sup>(6)</sup>

Secondly, Jacoby et al. suggest that dual or multi-option 'loyalty' - towards brand or store - is also possible. If many of the 'spurious' definitions employed in the literature are accepted, this kind of behaviour would appear to be the norm in many cases. Single option loyalty is probably very rare. Kau and Ehrenberg (1985) and Wrigley and Dunn (1984) show respectively for stores and brands that, even over fairly short periods of up to six months, in product fields where a large number of brands are available, extended behavioural choice of a single brand or store option is very rare. In contrast, Cunningham's original data (Cunningham, 1956), showed that respondents demonstrated stable 'loyalty' under his measure for periods up to a year. None of these studies, however, measured true 'loyalty' under conditions as strict as those of Jacoby et al.

Jacoby and Chestnut (1978) add extensive discussion to the original six conditions. Without actually mentioning the same specific ideas employed in this review, many of which come from post 1978 literature, they imply that both categorisation and commitment theories are relevant to the study of consumer 'loyalty' (pp.105-115).

The six conditions in the definition quoted above proved to be a breakwater in consumer 'loyalty' research. As Muncy (1983: p.38) reports, there has been little significant work on the concept of 'loyalty' since 1978. It is possible that, while unwilling to return to simple operational measures that in no way

can be said to measure true 'loyalty', Jacoby's comprehensive definition was too restrictive to be used successfully under the financial and time limitations of typical empirical research.

As mentioned above, Sirgy and Samli (1985) take Jacoby's definition as the basis for their own, but operationally are forced to resort to simple reported frequency of shopping at a store and reported willingness to use the store. The willingness measure does not give sufficient indication of choice commitment, which is vital if 'loyalty' is to be identified.

Other authors (Dunn and Wrigley, 1984; Raj, 1985; Stoessl, 1979; Tranberg and Hansen, 1986) either ignore previous work on the concept of 'loyalty' or mention it in passing before reverting to oversimplified operational measures which they term 'loyalty'.

Finally, there has also been some criticism of Jacoby's work on the basis that it was originally described as a causal definition (Jacoby and Kyner, 1973). Tarpey (1974; 1975) maintains that Jacoby's six conditions amount to little more than an extended operational definition. The only main causative factor can be derived from the sixth condition, the psychological function, and this is not considered in depth in the original article (Jacoby and Kyner, 1973). It is hoped that the present discussion does go some way towards expanding the psychological aspects of 'loyalty' and hierarchical preference.

## 5.12 THE INTERRELATION BETWEEN BRAND AND STORE PREFERENCES

As shown above, a possible cause of spurious loyalty may be the lack of time or inclination to shop extensively (Carman, 1970). Consumers may concentrate their purchases within a small group of stores and consequently among a limited number of brands. This may also be indicated by a prevalence for private brand purchasing (Rao, 1969b; Carman, 1970). Only when the same situation occurs due to personal, premeditated choice can it accurately be called 'loyalty'. Genuinely 'loyal' consumers may indeed have a high cost of time which reduces



their shopping activity (Sharir, 1974), but they will consciously decide where to take their patronage and, interrelated with this, which brands they intend to buy. If the choice is purely unconscious, it will most likely result in shopping in the most convenient circumstances and buying the most immediately available brands. (7)

Secondly, it is possible to make the tentative suggestion that true store loyalty and true brand loyalty are not inevitably interrelated or even of the same conceptual basis. The choice of store and/or brand is invariably a 'chicken and egg' situation. It can probably be accepted that in the majority of cases it is the brand, or rather the product, which the consumer primarily sets out to buy. The choice of store is most frequently the secondary consideration, as suggested by *Nakanishi* (1985) and *Nakanishi and Aoki* (1988).

In figure 5.2, preference is taken as a preconceived cognitive liking for a brand(s) or store(s) prior to shopping behaviour. Actual shopping behaviour will invariably consist of a certain amount of limited problem solving until the consumer feels confident enough to make the best purchase decision for his own particular circumstances. Where such purchases are repeated over time, and problem solving is eliminated or reduced to a minimum, it is possible that 'loyalty' will be the result. Also, the use of the word 'any' refers to the lack of cognitive differentiation between brand/store alternatives prior to shopping behaviour, ie. consumers will not preferentially differentiate between possible alternatives. The result of positive cognitive preference for both a brand and a store within a purchase alternative may lead to either brand or store 'loyalty', or both.

The diagram is over simplified. It is possible that, following the problem solving process, a particular brand or store may be retained within the consumer's evoked set of purchase alternatives in such an easy and obvious way that 'loyalty' will be the result. For example, this will be the most likely case for first-time purchases, where the consumer has no previous experience of, or attitude towards, the various alternatives. On the other hand, a new choice

option may become available which in some way surpasses existing evoked set elements to such an extent that they are quickly replaced by this one new brand or store option. In this case, the former result would merely be a case of spurious loyalty.

Further, in the case where a consumer shops in a new area or store, some brand preference may already exist, and the new, first-time experience with the store may produce store 'loyalty' in the long run. The consumer will have existing experience of purchasing the brand at other stores, and purchases of the same brand at a new store will be rapidly and relatively accurately assessed. If the results of this assessment are favourable, store 'loyalty' may result. The same process may be true where the consumer has a preferred store with which he has past experience and buys a new brand with which he has little or no such experience.

Thus, although prior store preference may be the most basic root of 'loyalty', it may also induce the creation of brand 'loyalty' or vice versa. In any of these cases, the development of 'loyalty' could only be measured over a suitable time period. From a single purchase or store use situation, it is impossible to say whether a consumer is either 'loyal' or not, regardless of the number of brands or stores used on that occasion. (8)

In addition, in considering 'loyalty' as a derivation of pre-conceived preference, one must consider the specific situations where such preference does and does not occur. That is to say, for which product classes and which store types (or merchandise types as distinguished by store), is 'loyalty' relevant?

It is noticable that there exists a larger body of work concerning 'brand loyalty' than 'store loyalty'. While there has been no sudden surge in store 'loyalty' studies, the growth of retailing power over recent years has placed greater emphasis on the latter. The names of major chain stores become brands in themselves in addition to the increased use of private brands within stores. As consumers' choice of store becomes increasingly important and differentiated,



so does the importance of this choice to managers in all levels of industry (Stoessl, 1979).

This is certainly true in Japan. Brand names are a major factor in Japanese purchasing and shopping preference, but this applies as much to the trading names of stores as to brand trademarks (Cendron, 1984; Oliver, 1987). The most obvious example is Seibu's *Mujirushi Ryōhin* [無印良品] stores/brands. Originally marketed as generic products, these high quality goods have moved from sales corners within large stores to free standing speciality outlets. With memorable irony, the very name '*Mujirushi*' means 'non-branded', but makes the same goods easily recognisable as a brand in themselves. The concept has been successfully and minutely copied by other large retailers including Jusco, Daiei and Uny.

The vast majority of studies that have purported to measure consumer 'loyalty', for either stores or brands, have studied grocery type products. For example, Brown (1952) and Cunningham (1956, 1961) used grocery products; Aaker and Jones (1971) coffee, toothpaste and paper; Brody and Cunningham (1970), coffee; Carman (1970), orange juice, canned fruit and coffee; Cohen and Houston (1972), toothpaste; Day (1969), convenience foods; Farley (1964) groceries; Frank (1967), groceries; Kraft, Granbois and Summers (1973), coffee; Jacoby and Kyner (1973), sweets; McConnell (1968a), beer; Seggev (1970), groceries; Tucker (1964), bread; Wind and Frank (1969), coffee and tea; Tranberg and Hansen (1986), groceries; and Raj (1985), groceries, personal items and household goods.

Studies by Newman and Werbel (1973) and Day and Deutscher (1982) considered consumer durables, while Evans (1959) and Kuehn (1963) looked at cars. The problem with studying durable goods is the long time periods between purchases. Authors have often had to rely upon respondent's remembered judgements regarding past purchases. In these cases, purchase intention will often be too long ago to be measured realistically by this method.

If commitment to a purchase option is developed through strong self-concept congruity with the option's social symbolic meaning, 'loyalty' may not exist

where such meaning is lacking. Indeed, as mentioned above, several studies of repeat-purchasing behaviour have shown that consumers do not generally show long term repeated responses in grocery purchase situations (Barwise and Ehrenberg, 1985; Bird, Channon and Ehrenberg, 1970; Charlton and Ehrenberg, 1976; Dunn and Wrigley, 1984; Ehrenberg, 1971; Kau and Ehrenberg, 1984; Tranberg and Hansen, 1986; Wrigley and Dunn, 1984).

On the other hand, Church, Laroche and Rosenblatt (1985) show that despite an expected increase of limited problem solving involved with the technically more difficult purchase of durable goods, consumers do frequently repeat purchases of brands with which they have experience. In other words, the perceived difficulty of problem solving activity is reduced by repeatedly buying the same brand of durable good where the purchase would otherwise be technical and time consuming. In re-purchase situations, presumably new models will be chosen. Hypothetically, if the new model of the same brand in some way fails to satisfy, there is a danger that preference will be lost due to the 'shock' of perceived expectations being damaged.

Part of the commitment process can be seen as trust in the brand/store's ability to fulfil consumer expectations. One of the most stringent criteria for any purchase is the need to support self-perception, and, with some exceptions of which one may be coffee (Focus Japan, 1983), regularly purchased household and grocery products do not accomplish this. Only in cases of strong situational involvement, for example food purchased for consumption at a party, would food products play such a role.<sup>(9)</sup> Theoretically, conspicuously consumed goods, and the stores which sell them, are more likely to be subject to consumer 'loyalty'.

There seems little empirical evidence to support or deny this idea at present. Intuitively, however, it cannot be considered generally true. If it were, personal adornment products would most obviously fit these conditions. There is reason to suggest that certain consumers may be 'loyal' towards, for example, brands of clothing. Japanese Designer-Character ('DC') brand clothing manufacturers, such as Bigi Group, Five Fox and World, made considerable



attempts to develop this kind of 'loyalty' through very narrowly targeted branding.

In any culture, the importance of self-concept depends very much on the situation, ie. different clothes for different occasions. Clothes that perform a very important social function for an individual may encourage 'loyalty' to a particular boutique or store. In the Japanese case of the 'DC' brand, even 'loyalty' to a very narrow range of clothing supplied by a small boutique does not prove overly restrictive.

Cosmetics are a further example. It not only performs a highly conspicuous social function, but the use of cosmetics carries an element of perceived risk if it is not applied with care and skill. There is evidence that cosmetics brands do command high levels of 'loyalty' in Japan (Craft, 1986; Traeger, 1982).<sup>(19)</sup>

It is important to consider both the type of store and the type of product when discussing consumer 'loyalty'. The two are interrelated, but preferences for stores and brands probably develop in isolation because of the very different ways in which consumers gain experience with each.

### 5.13 CONCLUSIONS AND IMPLICATIONS

The aim of this chapter is to consider consumers' tendency to develop preferential bias between the various alternatives of stores and brands available to them. The previous work reviewed in relation to this type of choice behaviour is centred around so called consumer 'loyalty'. The review sheds further light on the concept of consumer 'loyalty', and attempts an integration of social and psychological aspects that relate to the same type of preference development.

Several points can be concluded from the preceding discussion. The development of a precise definition of 'loyalty' in the context of consumer choice was not the original aim of the review, but it is clear that few

intuitively accurate definitions have been put forward, and the term 'loyalty' has been used far too loosely in many studies. As understood in strict semantic and social history terms, 'loyalty' has not been successfully applied to consumer behaviour.

Several necessary attributes of what could be defined as true choice 'loyalty' have been identified in the review. For 'loyalty' to develop in any situation several factors must exist.

- (1) The object of 'loyalty', and/or the significance of the individual's reaction to the object, will have a high social symbolic meaning
- (2) The object of 'loyalty' will be part of the individual's evoked set of possible alternatives
- (3) Socially or psychologically there will be a relatively high degree of risk in connection to not being 'loyal'
- (4) Either naturally or as a result of perceived or actual social or other coercion, the object of 'loyalty' will be the preferred alternative where other alternatives exist even within the evoked set
- (5) The object of 'loyalty' will command the individual's involvement and commitment to the consistent use of that option over a significant period of time

These conditions will be met when a person is loyal to a spouse, a government, a monarch, or other individuals or groups of people. In the Japanese situation, loyalty to the company is also well documented (see Abegglen and Stalk, 1987; Clark, 1987; Christopher, 1983; Nakane, 1973; Woronoff, 1981).

While it is intuitively possible, cases where the term 'loyal' can be applied to consumers' choices of brands and stores will be very rare. Loyalty is an emotional and psychological phenomenon and, as such, is difficult to perceive outside individual cases. These cases are much too rare to be of importance to marketing strategy. At most, consumer 'loyalty' will occur in a small group of consumers, on the basis of the first point given above - high social symbolic meaning of the choice. It is not too much to suggest that if a consumer is 'loyal' to a brand or store, that brand or store will be the only element within the individual's evoked set of choice options. In addition,



although there will usually be other clear alternatives available, these will have been considered, and the majority will have been relegated to the person's reject set with no alternatives held in the intermediary hold set. When the 'loyalty' inducing option is not available, the individual will undertake no consumption behaviour.

Equally, there can be no degrees of 'loyalty'. An individual is either 'loyal' or they are not. They either choose the particular option or they choose none at all. This is another aspect of true 'loyalty' that has been largely denied or omitted by previous studies. The reason for this is simple. Such a strict criterion would nullify a large number of the studies undertaken.

Where these conditions are not met, the individual will switch choices sooner and more readily. Where any consumption choice of brand, store or otherwise occurs due to reasons that do not include all of the above five points, it is inaccurate to term the behaviour as being 'loyalty'. For instance, using a particular store for 100% of purchases cannot be 'loyal' behaviour if the underlying choice criterion is convenience. There may even be a positive attitudinal liking for the store, but if, due to the introduction of new competition from a new nearby store, choice switching occurs, 'loyalty' cannot accurately be said to have existed. It may be impossible to confirm the non-existence of 'loyalty' without some change in the status quo.

This would seem to imply that consumer 'loyalty' is much too rare to be of any value to marketers, and, in reality, this is probably true. The use of the term has generally been a corruption of the true semantic meaning. The word, however, has been in use in this way for so long now that it has entered colloquial journalistic speech as the most normal way of describing consistent consumer choice preferences for stores and brands.

This colloquialisation largely nullifies any argument that the term 'loyalty' should not be used to describe consistent consumer choice of a single or even a number of brands or stores. It needs to be noted, however, that simply to describe exactly the same type of behaviour in another way, ie. as

preferential behaviour, is more accurate and, technically, more correct. This is shown by reviewing previous work on this type of preference behaviour among consumers.

Originally it was never the intention to dismiss the existence of consumer 'loyalty' by undertaking this review. Indeed, it was hoped that some framework would emerge on which better to investigate the perception of Japanese consumers of the large stores available to them. At the outset of the research, it was thought that consumer 'loyalty' theory could be employed to help to explain the social status seemingly applied to purchases made at some Japanese stores. The conclusion of this review, however, suggests that this is not possible. The result of careful consideration of the previous literature shows that 'loyalty' is not a concept that is generally applicable in consumer behaviour.

On the other hand, through reviewing a large volume of previous work on this area, if one makes the simple mental insertion of the term 'preference' where may authors have used 'loyalty', the problem is greatly reduced. Preference is intrinsic in a brand or store's success, and it often occurs on a mass scale with a large proportion of people preferring a single brand or store. Hence, for example, Coca Cola's control of 91% of Japan's cola market (Euromonitor, 1989b, p.146). Without this generally applicable dimension any measure of consumer behaviour can be of only academic importance. Most choice behaviour begins and is measured at the micro level, but it requires general, macro application to be useful to management.

What this review has established is the general acceptance that consumers prefer certain of the choice options available to them. These options will be elements within the individual's evoked set of alternative choices once a number of various options have been considered and tried. The most preferred options, in terms of behavioural response, will command commitment over a period of time, and consumers will be highly involved with these preferred alternatives. They will maintain a definite interest in changes and developments concerned with them.



Preferential consumer behaviour is thus well established. Observation of such behaviour towards large stores in Japan is the basis for this study. First, perceptions of stores by Japanese consumers provide the basis to test whether store preferences exist and how rigidly they are perceived. The same perceptions will also provide clues to the reasons behind preference of particular large stores.

#### NOTES TO CHAPTER 5

- (1) Jacoby's work was later reproduced Wada (1985).
- (2) In addition, the object of this psychological commitment and behavioural action should be aimed at a human object. However, this is presumably why the term 'product loyalty' has not been coined. Amongst all the fruit available, a person who only eats apples could be deemed 'product loyal' if the same, over-simplified definitions employed in much of the literature are used. The fact that no one has gone to such lengths leads to the clear suggestion that brands and stores are more than inanimate entities, ie. they are in some way more 'human' than simple products. This will be discussed in the next chapter in considering the case of store preference in Japan.
- (3) Brown's measure of Undivided Loyalty may also be considered as a proportion of purchase measure, ie. 100% of purchases being concentrated on a single brand.
- (4) In discussing shopping processes, Tauber (1972), Bloch (1982), Bloch et al. (1989) and Mittal (1989) provide clues for the development of attachments to stores over and above the final purchase. Stores which can evoke such feelings of excitement and fraternity in certain consumer groups clearly exist in Japan. One of the aims of this study is to investigate the extent and causation of this kind of preference.
- (5) Although at first glance the same type of consumer involvement displayed towards products may not appear applicable to stores, it may be that high store involvement will lead to a consumer relying on the store to provide him or her with suitable products. In other words, goods offered by the store will be accepted as feasible purchase alternatives regardless of any preconceived need or desire, or even when no such need exists.
- (6) The only conceivable case where the store 'loyal' person is not the actual user of the store is that of a request for an errand be undertaken to a specific store when the same product could be purchased elsewhere. In the case where store preference is displayed through recreational use of stores without purchase, such store use will only be undertaken by the preference holding individuals, not by proxy.
- (7) It has been suggested that poorer consumers are sometimes forced to

restrict the geographical range of their shopping activity due to a lack of spending power, usually, sadly, leading these consumers to spend more in the long run (see for example, Goldman, 1977).

- (8) The need for measurements to be taken over a period of time is a further weakness of Carman's study which attempts to measure such behaviour at a static point in time. In considering brand 'loyalty', it is also an argument against employing certain Markov Chain models that restrict measurement to a given number of purchase decisions based on the order of the model (Lipstein, 1961: Howard and Sheth, 1969). This has been the case with much of the brand 'loyalty' research based on the concept of a consumer's static, as was usually assumed, probability of purchasing a brand on a given occasion.
- (9) This type of such situational involvement exists in Japan. Focus Japan (1983) points out that Japanese often drink different types of coffee when entertaining at home than they would for their personal consumption.
- (10) A further reason for Japanese women to exercise strong preferences for particular cosmetics is the risk of physical damage to the skin. Japanese women are renowned for using large quantities of make-up, and they well recognise such risks because of a number of scandals with harmful products in the late 1960s and early 1970s (Traeger, 1982). There is a common belief among Japanese women that, as with many other physical and psychological attributes, Japanese skin is unique, and cosmetics made outside Japan should only be used with some caution.



## CHAPTER 6

### RETAIL STORE PREFERENCE BEHAVIOUR IN JAPAN

#### 6.1 INTRODUCTION

As discussed in the previous chapter, development of non-random preferences is a natural feature of consumer behaviour. Development of preference by Japanese consumers appears to be remarkably strong. Moreover, based on simple observation, Japanese preferences for individual stores and brands is so consistent that casual references are often made to 'loyalty'.

Using a number of Japanese studies and relevant English material relating to Japan, the aim of this chapter is to discuss the hierarchical nature of Japanese preference behaviour. Hierarchical preference appears to be a widely observable form of consumer behaviour in Japan and worthy of detailed empirical investigation.

Again, the discussion ranges between the choice of brands and stores. For the most part it is assumed that strong preferential tendencies will result in both preferred brands and stores. As the origins of Japanese preferences lie in social expectations, which are below the level of behavioural consumption, the inclusion of brands and stores in the categorisation processes of Japanese consumers is in a strict hierarchical order that relates to their assumed status in society.

#### 6.2 PREFERENCE BEHAVIOUR: STORES AS COMPARED TO BRANDS

As discussed previously, loyalty is a human expression of preference most usually displayed towards other human beings. Presumably, the categorisation of the human-like 'personalities' of brands and stores opens them to greater preferential treatment. Both brands and stores acquire 'personalities' of their

own in the form of the familiarity gained by the consumer with that particular choice. This personal relation of an individual consumer with a brand or a store depends on individual consumer's experiences with them (Kunkel and Berry, 1968). In the case of brands, advertising can be employed to establish, target, shape, alter and even manipulate the perceptions people hold of brands, making these perceptions similar for all people whether they live in Osaka or Tokyo. The Japanese are said to be particularly receptive to this kind of 'branding' (Cendron, 1984; Oliver, 1987). Their demand for famous brands will be discussed below.

The same kind of homogenisation of perception, ie. the creation of a single national image through advertising, can be attempted for a retail company. This, however, is far more difficult to achieve. To the consumer, a retail company breaks down into its component stores, each with a different and recognisable personality. The reason for this is the substantial human element that affects perceptions of any store: the sales assistants, services, clientele and surrounding population.

The greatest opportunity for creating a unified layout and design occurs in chains of stores employing a small shop format, such as convenience stores and fashion boutiques, but, in Japan, good examples of this kind of store uniformity is rare even in these types of retail business.

The largest chains of convenience stores, notably Seven-Eleven, Lawsons and Family Mart, come the nearest to achieving a uniform store image, but even these are altered by the minutely varying degrees of service quality provided by different store employees. The territory saturation policy employed by some chains can lead to a chain opening outlets within 100 metres of each other. <sup>(1)</sup> Here there is the opportunity for detailed comparison by consumers and small differences are soon recognised. As convenience stores are used chiefly for non-discretionary, top-up and emergency shopping, small differences will have only minor significance.

Some chains of boutiques, for example Pink House, Yoji Yamamoto, Kenzo and



so on, have also adopted uniform store designs for their outlets. In this case, uniformity is far easier to achieve because the store is dedicated to a single, very narrowly defined brand of clothing. The store becomes simply part of the relatively homogenously perceived brand image. Unlike convenience stores, boutiques do not employ a large number of part-time shop assistants. The opportunity for the human service element to vary still exists, but to a lesser degree. In addition, it is common for boutique chains to train assistants on the basis of a highly detailed manual, strictly laying down expected forms of behaviour and language in a large number of possible sales situations (*Yamamoto et al.*, 1988; *Kanamura*, 1989). For these reasons, some chains of boutiques perhaps come closest to achieving a uniform image.

Yoji Yamamoto, for example, is a brand of very dark, usually black clothing. The chain's boutiques employ a stark white or light grey colour scheme, usually in stone finish, with very little other decoration. The garments are hung on a single rack along one wall, with, given space, perhaps a dark table for special displays in the centre of the store. The remaining space is left bare. The contrast of dark apparel and light, hard shop interior make for a striking display and contribute to the brand's image.

Pink House boutiques are quite different. This is a very colourful brand of clothing employing many pastel shades, polka dot designs, frills, bows and ribbons. The garments are designed for the small, perceptually 'pretty' woman uninclined to display her figure. Despite the variety of colour, Pink House boutiques are equally notable for their uniform design. Most outlets consist of a wooden floor and display shelves in light teak-brown, with a sloped glass frontage on a matching wooden frame. Although not as orientated to contrast and display as the Yoji Yamamoto stores, the store design again becomes part of the brand.

However, examples of Japanese chains of stores with such a uniform retail image are hard to find outside these few convenience stores and boutiques.

The interiors of large superstores operated by companies such as Ito-Yokado

and Seiyu can vary greatly between outlets. The merchandise range within these stores, however, is generally wider than in all but the largest department stores, giving greater scope for variety. A store over 10,000 square metres will commonly carry several 100,000 products. Store layout and merchandising remains largely the responsibility of the store manager. For this reason, and as many of these larger stores form the nucleus of residential shopping areas, store design and interior layout can show considerable variety. This is particularly true for more recently built, large stores, but less so for medium sized stores.

Seiyu outlets are famous for their unusual exterior designs - for example being built to resemble a ship or such like (*Gekiryu*, 1988). On the other hand, compared with the genuine Seibu Department Stores within the same retail group, the 'Seibu Department Stores' operated by Seiyu are easily distinguished by the simple, less intensive merchandise and interior layout.

Chains of medium sized stores which offer a narrower range of merchandise, for example *Torii* menswear in Aichi or *Besuto Denki* electrical stores in Kyushu, also show substantial individuality at the store level. Fashion buildings generally operate as single entities, with even members of the three main chains - Parco, Marui and Vivre 21, operating buildings as individual centres, each with an individual mix of tenants and tenant store designs.

Even for outlets within a single chain of stores, the individuality of outlet design, merchandise, layout and interior and exterior appearance provides consumers with considerable opportunity for preference behaviour. Japanese affinity for branded goods enhances this behaviour. Stores are only further individualised by the brands (or absence of particular brands) that are included in their merchandise.

For these reasons, in Japan at least, the emphasis of consumer perceptions is likely to be on individual store outlets in most cases. Whereas a brand can have a similar image and command similar perceptions in different parts of Japan, for a retail store, it will be the perceptions of the consumers who know and use the outlet often which are important. These perceptions will be influenced by



the image of the retail company as a whole. It is likely, however, that perceptions of a retail company are largely formed by customers' perceptions of the company's outlets with which they are familiar. It is necessary to consider consumer perceptions of stores at the level of the individual outlet.

### 6.3 CONSUMER PREFERENCES AND STORE DIFFERENTIATION

As already discussed above, Japanese retailers place considerable emphasis on single outlet individuality. Reasons for this are unclear, but, presumably, they relate to expectations within the retail market. These expectations arise from two sources: the retailers themselves and the consumers, with one being the consequence of the other.

Hypothetically, an understanding of the aggregate views and wants of consumers will lead retailers to provide the best aggregate environment. That is to say, if retailers take a macro view of consumer expectations, they can be fairly certain in their ability to provide at least a minimum service to the majority of people. In Japan, however, it is doubtful that many companies are particularly concerned with what is best for the consumer. Retailers commonly base their marketing decisions on their company's reputation and the perceptions consumers have of their stores over the long term. The decision by retailers or manufacturers to make a change in business strategy at the macro (company) or micro (store/product) level rarely comes about because of consumer demand, rather than as a result of a competitive challenge from within the industry.

Retailers claim that the demands of consumers dictate retail supply. It is often said that, within Japanese consumer behaviour, greater 'individualisation' [個人化] and 'diversification' [多様化] of wants is the spur to changes in retail strategies (Akazawa, 1990; Dentsu Sōken, 1989; Ihara, 1983; Iida, 1989; Kotani, 1982; Mimura, 1983; Miura, 1987; Nakauchi, 1986; Onodera, 1988; Ryūtsū Seisaku Kenkyūji, 1982; Sasaki, 1988; Sugawara, 1989; Sugioka, 1981; Yamaguchi, 1983; Yoshidome, 1988a). While greater individualisation of consumer

choice behaviour continues to be cited as the reason for store differentiation even in the 1990s, similar claims have arisen since the 1960s (*Mimura*, 1983; *Ohashi*, 1988: pp.36-37). Either the process has been painstakingly slow, or it is occurring on such a micro scale that it could be of little general importance to retailers. It is more likely, therefore, that these new patterns of choice behaviour are really a result of retailer strategies rather than the consequence. This has been suggested by other authors (*Tanaka*, 1980: pp.144-147).

It is rare that retailers will admit to even attempting to lead the consumer, but suggestions can be found with a little reading between the lines. *Sekine et al.* (1983) provide a clear example. They begin their report describing the 'change' in consumer choice patterns, but the evidence of change they later present consists solely of numerous and detailed examples of retailers strategies for diversification. It is taken for granted that this diversification is a result of consumer change, but no evidence or even suggestion is made as to how or why this should have occurred. The report provides a good summary of competitive diversification by various retail types in the early 1980s. Logically, it can be concluded that customers altered their own perceptions in response to the competitive strategies of retailers.

However, the thesis to be presented here is that consumers themselves develop definite, generalisable and consistent patterns of preference behaviour to the extent that retailers are obliged to pay proper attention to their views. It is true that retailers and manufacturers in Japan hold considerable power to influence the buying intentions and desires of consumers. This latter point requires some discussion, providing reasons for Japanese retail differentiation at the store level rather than at the corporate level.

Two reasons are proposed for store differentiation strategies. First, there is the minor response to market based factors, notably the variety of competing store types and the natural avoidance of free price competition between particular retail outlets. Secondly, and more importantly, store differentiation



is the result of the continuing dominance of prestigious department stores throughout the country. Department stores create national and regional hierarchies of retail stores that appear to be the basis of consumers' perceptions of stores and store preferences.

#### 6.4 MARKET BASED CAUSES OF STORE DIFFERENTIATION STRATEGIES

Market based causes of store differentiation include the general avoidance of price competition by large, powerful corporations employing basically oligopolistic practices, and the varied and fragmented nature of Japanese retailing as a whole. With the growth of a small number of large retail groups, there has been a small shift of power within Japanese retailing, but the domination of distribution channels by major manufacturing companies still remains.

Studies of the Antitrust Law as applied to Japanese distribution are common (Covey, 1981; Flath, 1989; Haley, 1979; Ishida, 1983; Iyori, 1969; Matsushita and Lee, 1973; *Nishimura*, 1984), and Japanese authorities have taken a major interest in similar problems around the world (*Aizeki*, 1988; *Kaneko*, 1984). Some of the most recent of these studies (Flath, 1989; *Nishimura*, 1984) are a little disappointing in that they draw on what have become 'classical' cases from as far back as the early 1960s. These studies do, however, demonstrate the continuing oppressive control of many distribution channels by many manufacturers in order to maintain resale prices. The journal of Japan's Fair Trade Commission (FTC: *Kōsei Torihiki* [公正取引]) has detailed some more recent cases (*Hamada*, 1985; *Watanabe* and *Suzuki*, 1988). There have also been a number of recent studies concerning recommended price regulation (FTC, 1988; 1989; *Kobayashi*, 1988; *Tajima*, 1988; see also *Tsuji*, 1972).

Studies of Japanese commercial dealing customs, such as rebates, returns, discounts and so on suggest great scope for manufacturers to dictate and control retail prices (*Akiyama*, 1989; *Keizai Kikaku Chō*, 1986: pp.25-39;

Shimaguchi, 1977; *Tajima*, 1985). A few studies have considered the buying power of retailers from a theoretical basis (*Matsushita*, 1981; *Nakagawa*, 1989; *Nara*, 1987). *Takahashi* (1982) undertook a study describing the FTC's investigation into 'unfair' price cutting by supermarkets.

Although many overseas politicians and bureaucrats like to think otherwise, many Western exporters to Japan are quite happy with this situation. For example, beer and whiskey manufacturer and wholesaler Suntory controls 68% of whiskey sales and 50% of brandy sales in Japan (Euromonitor, 1989a: p.167 and p.138). Much of this is imported on an exclusive rights basis from Western manufacturers, and a large portion of the remainder is also handled by other specialist sole agents. Similarly, Coca-Cola controls a large proportion of the canned drinks market in Japan, with 91% of the cola market and 29% of the market for canned coffee (Euromonitor, 1989a: p.144 and p.146).

Both cases present considerable scope for price maintenance. Following the 1989 tax reforms, the price of some prestigious whisky brands failed to fall to the extent that would have been expected under freely competitive conditions. Major department stores such as Takashimaya even went as far as to temporarily refuse to stock certain brands in protest at the maintenance of high prices, although, it appears, they later relented in some cases (Lukow and Takegoshi, 1990). Equally, the badly administered introduction of the 3% Consumption Tax was an ideal opportunity for many retailers to raise some prices quite considerably. <sup>(2)</sup>

Compared to most Western countries, and relative to other domestic prices, food is very expensive in Japan. The price of rice, the staple food, is strictly controlled by the government. The price is generally six times the world market price for rice, and imports of fresh rice are prohibited (Economist, 1990b; Japan Times Weekly, 1990c; Nihon Keizai Shinbun, 1990a; Thomson, 1990c). When a staple as important as rice is so expensive, it is natural that other foodstuffs are also priced very high. Meat and other high value or imported foods aside, domestically produced vegetables and fruits are



far from cheap. The only consolation is that prices are relatively stable, with inflation running between 0% and 2% since 1980 (Focus Japan, 1987b). Even so, two small tomatoes would cost over one pound sterling (¥250-¥500) in 1989, and a single apple often just as much. These are both domestically grown, and, with the exception of produce grown in the immediate vicinity, prices are similar all over Japan.

Large retail companies achieve low net margins, often no more than 1 or 2 percent. <sup>(3)</sup> High overheads, particularly high land costs, and the cost of maintaining a labour intensive service make it difficult for retailers to increase their net margins. Even so, large superstores, with their great buying power and less prestigious reputation, can and do sell similar products at lower prices than can be found in department stores and speciality stores.

The power of manufacturers in the distribution channel and the cost difficulties of many retailers result in a retail industry that is very unwilling to compete on price. Each individual store will sell at the price necessary to cover costs and maintain some small profit margin. Many stores automatically sell at no less than the manufacturer's recommended retail price, with a large number being obliged to do so. Discount stores, as described in chapter 4 above, tend to be small operations, often employing relatively unreliable supply routes and basic in-store services in order to cut prices (Suzuki, K. 1990; Mishima, 1988).

The lack of emphasis on price leads retailers to seek alternative ways of competing effectively. Differentiation of individual outlets is one such method, creating different and exciting shopping environments that compete directly with other local stores on a one to one basis.

Equally, where price competition does occur, it is in the confined limits of a small local market between directly competing outlets. Large stores can use price competition against their smaller, independent local rivals, creating political friction and causing many small retail businesses to make major changes or retire. Any significant price competition, however, is largely

avoided, especially between rivals of similar strength. <sup>(4)</sup>

A further environmental cause of local outlet to outlet differentiation strategies can be said to be a consequence of the highly fragmented nature of Japanese retailing as a whole (see chapter 4). Although the number of small, family owned stores has been falling rapidly for the past six years, the overall number of 1.6 million retail outlets is too large for any significant structural change to occur in a short period. Change will become more apparent by the mid-1990s as this trend continues.

Furthermore, due to legal restrictions, recent new store openings have been concentrated in small format categories such as convenience stores and boutiques. With the relaxation of the Large Store Law in effect as of 31 May 1990 (*Asahi Shinbun*, 1990d; *Nihon Keizai Shinbunsha*, 1990: pp.76-82), it is possible that the number of large store openings will increase quite dramatically. This will put further pressure on independent small stores. Chains of small format stores will continue to grow due to the absolute cost advantages of opening and running small outlets. With an expansion of large store numbers, these two factors may lead to a polarisation of new store sizes into very large (perhaps 5,000 sq.m. or more) and very small stores (under 100 sq.m.). Growth in chains of stores of any size provides greater incentive and opportunity for companies to employ a standard uniform design, and reduce outlet differentiation.

At least up to the mid-1990s, the large number of small stores will continue to provide a localised focus of competition which is effectively based upon store differentiation. The competitors of each individual store are the stores in its immediate vicinity. Shopping by car remains limited and difficult in Japan, restricting the trading areas of many stores. In some cities, large stores with adequate parking space have been successful. The efficiency of inner urban public transport is high relative to the road system, and continues to limit the growth of such stores in conurbations such as Tokyo and Osaka. Stores located away from a recognised shopping area which has a number of shopping facilities remain quite rare. <sup>(5)</sup>



In the large city centre shopping areas where prestigious large stores are grouped together, a store's competitors are those which are only a short distance away. For example, in Nagoya, Maruei's competitors include Mitsukoshi, but, on the immediate level, it is not the Mitsukoshi group with which it competes, but rather the Nagoya Mitsukoshi store in Sakae. <sup>(6)</sup>

Although there may be less conscious recognition of the fact, small independent stores provide a focus of local competition, playing a significant role for necessary shopping because of their convenience and personability. Even for discretionary purchases, large department stores compete with local groups of independent and multiple speciality stores.

Differentiation at the store level allows individual outlets to compete for customers in the immediate vicinity. The degree of effort afforded to differentiation policies can be matched to the level of competition within the immediate area. Variety in terms of the store's design, layout, personnel and merchandise become more important than relative prices between stores. The large number of small stores provides variety. In order to compete with their larger competitors they need to provide either a better service through friendly, polite and knowledgeable personnel, convenient location and congenial atmosphere, or offer merchandise differentiated by brand, variety, specialisation, quality and so on. This is one of the continuing advantages of the fragmented nature of Japanese retailing. The large number of competing small stores in Japan encourages large outlets to provide merchandise in a volume and variety that can at least match the en masse offering of local competitors.

Japanese consumers are often spoilt for choice. Isetan, the Shinjuku department store, carries 150,000 product items on its food floor alone. *Onodera* (1988) gives a number of similar examples for small speciality stores:

- a single specialist sock shop with a 73 sq.m. sales floor in Shibuya (Tokyo) carries 1,800 colours of socks;
- an umbrella specialist in Shibuya's 109 fashion building personally imports unusual and expensive umbrella designs;

- a wine stockist in Chiba prefecture stocks 170 types of regional *sake* and numerous imported wines in a store with less than 30 sq.m. sales floor space.

Unlike the chains of convenience stores and boutiques mentioned above, these are independent stores competing solely in their local area.

## 6.5 RETAIL HIERARCHY AND DOMINANCE OF PRESTIGIOUS RETAIL STORES

Outlet differentiation also arises through the hierarchical nature of Japanese retailing. Japanese people are keenly aware of their own hierarchical positions within society, and such categorisation is equally applicable to retail stores, shopping motives and buying intentions. Creating rank orders is a journalistic passtime in Japan. Survey after survey is produced putting people, places, goods, ideas, names, and feelings in their relative perceived positions. Any statistic better (but not always) than an ordinal measure is turned into a rank order. Ranking of retail companies and individual stores based upon operational statistics such as sales and profits are produced annually. The *Nikkei Ryūtsū Shinbun* annual surveys noted in chapter 1 are undertaken specifically for the publication of company rankings.

As may be expected in a society where relative status is of such importance, the hierarchical ranking of stores, particularly prestigious stores, seems to extend beyond quantitative operational performance and into the intangible realm of the perceptions of consumers. This being the case, consumers' perceptions of stores are necessarily restricted to stores that form elements of their awareness set, ie. the group of stores of which they are aware. In order to maximise customer patronage, these stores adjust services to attract and satisfy the type of consumers who easily become familiar with their own particular store. This encourages differentiation and competitive strategies based at the level of the individual store outlet rather than that of the company as a whole.



Consumers in any country choose from the limited number of stores with which they are directly familiar, but it is clear that this has not hindered the development of chains of highly uniform stores in some countries. Hypothetically, the difference in the case of Japan is that, within awareness sets of stores, individual store elements are significantly well defined into evoked, hold and reject sets. Even where 'loyalty' cannot be said to exist, ie. where the conditions discussed at the end of the previous chapter are not met, the elements in the consumer's evoked set of possible store choices are arranged into a cognitive hierarchy of stores.

This hierarchy of stores may or may not be relevant to an individual consumer's shopping behaviour. The consumer will predominantly use stores from his or her evoked set, but the hierarchical ranking within this set itself will be based on generally accepted hierarchical ranking held overall by all knowledgeable consumers. Only when relevant economic and situational conditions are also met will the consumer produce a proper behavioural response to the hierarchical perception of stores.

Put more simply, lower ranking store elements in the evoked set may be used more frequently for purchasing behaviour due, for example, to financial inability to purchase at higher ranked stores. All stores in the evoked set will be employed for shopping, as opposed to strictly purchasing, activity, but, when finance allows and when social expectations dictate their use, only higher ranked stores will be used.

The above discussion suggests several general hypotheses which can be employed as the basis for empirical investigation. Before considering these in any detail, there exists some previous work and connected references that consider the choices of Japanese consumers in relation to the hierarchical nature of Japanese society. Two authors in particular, Fields and Ushikubo, have noted the Japanese tendency to purchase particular brands and products in relation to advances in personal social status. Their work will be considered in order to establish a framework for the investigative survey described in the

following chapter.

## 6.6 SOCIAL HIERARCHY IN JAPAN: ITS ORIGIN, IMPORTANCE AND EXTENT

The Japanese tendency to create rank orders has already been noted. The structure of Japanese society itself is described as a vertical society - the *tate shakai* [縦社会] (Nakane, 1973). An individual's social position is of central importance to all Japanese people. Although some overseas residents and a tiny minority of Japanese dismiss this aspect of Japanese society, it causes the creation of a strict hierarchy of social position from which no resident in Japan can ever truly escape.

Unlike some other cultural conventions, Japanese social hierarchy has a universal application. From the kindergarten to the company boardroom, from politics to social drinking it is impossible even for outsiders to ignore internal group expectations of social rank. Coming from a culture of theoretical social equality, Americans can often find such rigid status definition so alien as to be unbelievable. For a British person, inherent experience of a social class system perhaps allows a slightly easier understanding, but never full acceptance.

Japanese social hierarchy has its roots in the history of the imperial household, and as early as the mid-sixteenth century, people were grouped into four ranked social classes by birth (Sansom, 1931: pp.430-434). The four classes were, in order of rank, the warrior or 'samurai' class [士], the farmers [農], the artisans [工] and the merchants [商], together making the *Shinōkōshō* [士農工商] class system. Members of each class were forbidden by law to undertake any employment or even to wear clothes or eat foods which were not designated to their class (Sansom, 1931: p.461). Later some crossing of class boundaries did occur, but, in general, this system remained intact until the Meiji Restoration of 1868.

In modern Japan, social hierarchy is founded in the education system. People



are judged by which schools and which universities they attend. The subject of their degree major, achieved grades or absolute personal ability are of minor importance. College is entered, jobs are found and, on occasion, promotion is won as a result of the educational route achieved by an individual up to the age of 22. Many major companies recruit heavily from particular universities or deliberately avoid other universities. All university faculties are given a quantitative rank relating to the difficulty of the entrance exams employed by that faculty. These exams are based on candidates' volume of knowledge rather than skill in knowledge application (see Economist, 1990a). Japanese can be said to be socially mobile up to the point of college entrance, and possibly more so than in many societies, but once committed to a particular school, an individual's prospects are decided for the rest of his or her life. In all but a few cases, social mobility ends after an entrance examination is passed.

Consequently, a graduate is likely to find employment alongside previous graduates of the same university, and frequently with people who were in the same university seminar. These seniors are the applicant's *senpai* [先輩].<sup>(1)</sup> Even if the senior graduated ten years previously, the new junior (or *kohai* [後輩]<sup>(2)</sup>) is recognised as part of the same group and often receives quiet, preferential treatment. In completing all kinds of business deals, Japanese businessmen are famous for employing '*kone*' ([コネ]: short for the English word 'connections') and '*nemawashi*' [根回し], a practice of behind the scenes consensus building prior to any formal negotiations or talks. Again, such practices only serve to strengthen the hierarchical positioning and intervening bond between individuals.

Nakane states:

"[In Japan] in contrast to other societies, the provisions for recognition of merit are weak, and the institutionalisation of the social order has been effected largely by means of seniority . . . this system brings with it a high degree of rigidity. There is only one ranking order for a given set of persons, regardless of variety of situation."

(Nakane, 1973: p.30-31)

Japanese society is arranged in a vertical structure with each individual positioned in a minutely detailed rank order within his or her own immediate social grouping. The group is further positioned within society as a whole. An individual's own position is distinguished by status (such as job position, but equally the company he or she works for), age (the elder being the senior), and sex (male generally being considered superior to female; sadly, this is often the opinion held by women as well as men).

Woronoff (1981) believes that escape from the "significance and consequences" of this hierarchical structure is impossible. Like most knowledgeable overseas observers, he feels some sympathy for the position of the average Japanese person.

"The great pity of Japanese society is . . . that one so rarely has to do with equals, namely people of the same status, age, and sex . . . Japanese are obliged to behave alternatively in the three basic status roles of inferior, superior and equal."

(Woronoff, 1981, pp.25-26)

Other societies, such as India and Thailand, also have a detailed and strictly enforced hierarchical social system, but, as Nakane (1973) demonstrates through using India as a contrasting case, on the whole, the structure in Japan is more rigid and more universally accepted and applied than in other nations. Such is the importance and universal acceptance of hierarchy in Japan, that at times it can feel like a premeditated state oppression. As Nakane affirms:

"Ranking . . . functions as the principal controlling factor of social relations in Japan. The basic orientation of the social order permeates every aspect of society, far beyond the limits of the institutionalized group. This ranking order, in effect, regulates Japanese life."

(Nakane, 1973: p.31)

Most importantly, Japan is the only country to maintain such a rigid social structure while having achieved such major economic advancement. Social hierarchy affects general commercial behaviour, and not least shopping behaviour and consumer choices. Shopping both for leisure and necessity appears to be



influenced by the social positioning of stores and brands. The extent to which this is true is unclear, but it does seem, as explained in the previous section, that stores have reacted in such a way as to attempt to enhance their individual positions within a local hierarchy of stores.

## 6.7 JAPANESE PERCEPTIONS OF THE SOCIAL VALUE OF BRANDS

Although there is a lack of research relating to stores, the social significance of brands in Japan has been noted in previous work. Equally, the Japanese affinity towards famous, conspicuously consumed brands is well recognised. One of the key factors for success in the Japanese market is the development of a strong brand image that is suitable to Japanese tastes.

With continuing trade friction, the Japanese government often are keen to detail successful Western companies in the Japanese market. Concentrating heavily on 'how' (rather than the consumer orientated 'why') this success was achieved, the factors of management diligence, distribution, and product quality are the most frequently described (JCCI, 1989; JETRO, 1983b; *Keizai Kikaku Chō*, 1986: pp.179-193; *Udagawa*, 1989). In addition, the majority of these companies own very strong brands. Reading American criticism of the Japanese market often suggests otherwise, but very few international brands cannot be found in Japan, especially in the case of high quality, luxury goods.

All successful overseas companies in Japan rely on the strength of their brands, international reputation and suitability for the Japanese market. These include Coca-Cola, Chanel, Kodak, Mercedes-Benz, BMW, Ralph Lauren, Benetton, Laura Ashley, Louis Vuitton and so on (JCCI, 1989: pp.26-36; JETRO 1983b; *Udagawa*, 1989). A number of companies have been equally successful marketing less luxurious products, including Proctor and Gamble, Nestlé, Unilever and Johnson & Johnson. Although their products are generally less conspicuous, the need for the brand to be suitable for the Japanese market is no less important. There are also a few smaller, specialised companies which have won a market in

Japan through high quality products and the reputation of their brands. These include Nordika Skiwear (Cohen, 1987) and Baxters soups.

In the 1960s, Japanese consumers bought American goods for their quality and rarity (Gröke, 1972; Hayashi, 1980; Murata, 1973), but, as Japanese companies quickly improved the quality of their own products and learned to provide variety through detailed product differentiation (Kajiwara, 1985), the domestic market has become less dependent on imports of foreign consumer goods. Today, Japanese domestic brands are of a high quality and generally perceived as giving good value for money compared to imported alternatives. To find a market in Japan, imported products need to be either unusual, manufactured to a very high quality, or, more usually, be of a high quality design. Japanese brands do not have the exotic, expensive and highly conspicuous image of their foreign rivals (Cendron, 1984), but they are well known, traditional and trustworthy. Recently, there has been some criticism of steady price increases that result from successive model changes and excessive product differentiation, and which do not reflect the added value (Kajiwara, 1985; 1988; Tracey, 1988). While Japanese brands are still not cheap, however, they are high quality and usually less expensive than imports. <sup>(9)</sup>

Oliver (1987) emphasised the importance of brand image, and, as suggested by Cendron (1984), who mainly considered imported brands, this is of great importance in Japan.

Fields has provided the most relevant examples. In 'From Bonsai to Levi's' (1983) he describes the 1960s case of Johnnie Walker whisky. Due to its rarity at the time, Johnnie Walker Black Label was an expensive, high prestige product, as it still is today. When the cheaper Red Label was later introduced to Japan, it not only failed to meet sales expectations, but sold less than the more expensive Black Label brand. As Fields notes, "to be seen drinking Red was a clear reminder that one was not at the status of Black" (Fields, 1983: p.71). Equally, when Johnnie Walker later reduced its prices by 10-20%, the status level of the brand was also reduced causing a decline in sales (p.73).



Ushikubo (1986) demonstrates that Japanese consumers categorise whisky brands in terms of perceived quality and the social status related to their use. Again, Johnnie Walker Black Label scores highly. It is suggested that consumers perceive quality and price to be correlated. It is well accepted that consumers usually perceive high price as being an indication of good quality, although empirical investigations have failed to find any tangible basis. Yamada and Ackerman (1984) and Abe (1984) present just such a result for Japanese products.

Fields (1983) goes on to describe the way in which brand preferences change and develop as Japanese progress through successive occupational life stages. Each rank on the corporate ladder subjectively relates to the brand of whisky drunk, the model of car driven, the type of suit worn, and the type of durables owned. Sudden and surprising changes in consumption patterns occur as a new life stage is reached. One of the most drastic changes occurs as both men and women become what Fields terms 'social beings'. <sup>(10)</sup> Men reach this point on entering proper employment, and women when they marry. He suggests:

" [There is] a remarkable transformation in consuming behaviour when 'bachelor aristocrat' becomes a 'social being.' Women will, for example, stop drinking certain soft drinks they believe will be bad for small children ( . . .this seems to occur the moment they get engaged!) Men will start drinking beer and stop drinking soft drinks. Both sexes will stop wearing jeans.

(Fields, 1983: p.200)

This is not a general phenomenon, but it is true that behaviour will change dramatically as these significant life stages are reached. Later, Fields (1988: p.200) describes an unnamed overseas brand of whisky which, attempting to enter the Japanese market, targeted the younger generation only to find a sudden slump in sales as its chosen customers moved on to higher status brands as they themselves progressed in status.

Japanese marketers are very aware of these social distinctions. The car market provides one of the clearest examples. As in the West, Japanese car manufacturers produce a range of models differing by size and price. The difference in Japan, however, is that the status value of particular models is

more clearly defined by the age and occupation of potential buyers (*DIME*, 1989). In Japan, a person's car says a lot about their status. Fields (1983: p.73; 1988: pp.30-31) cites Nissan, the number two car manufacturer, as employing particular TV stars in their advertising to provide clear status targeting for their Bluebird model of car. He says:

"In this structured society, where one's status within it is fairly well defined, the use of a personal stereotype is the quickest way to communicate which product one is 'expected' to consume."

(Fields, 1988: p.30)

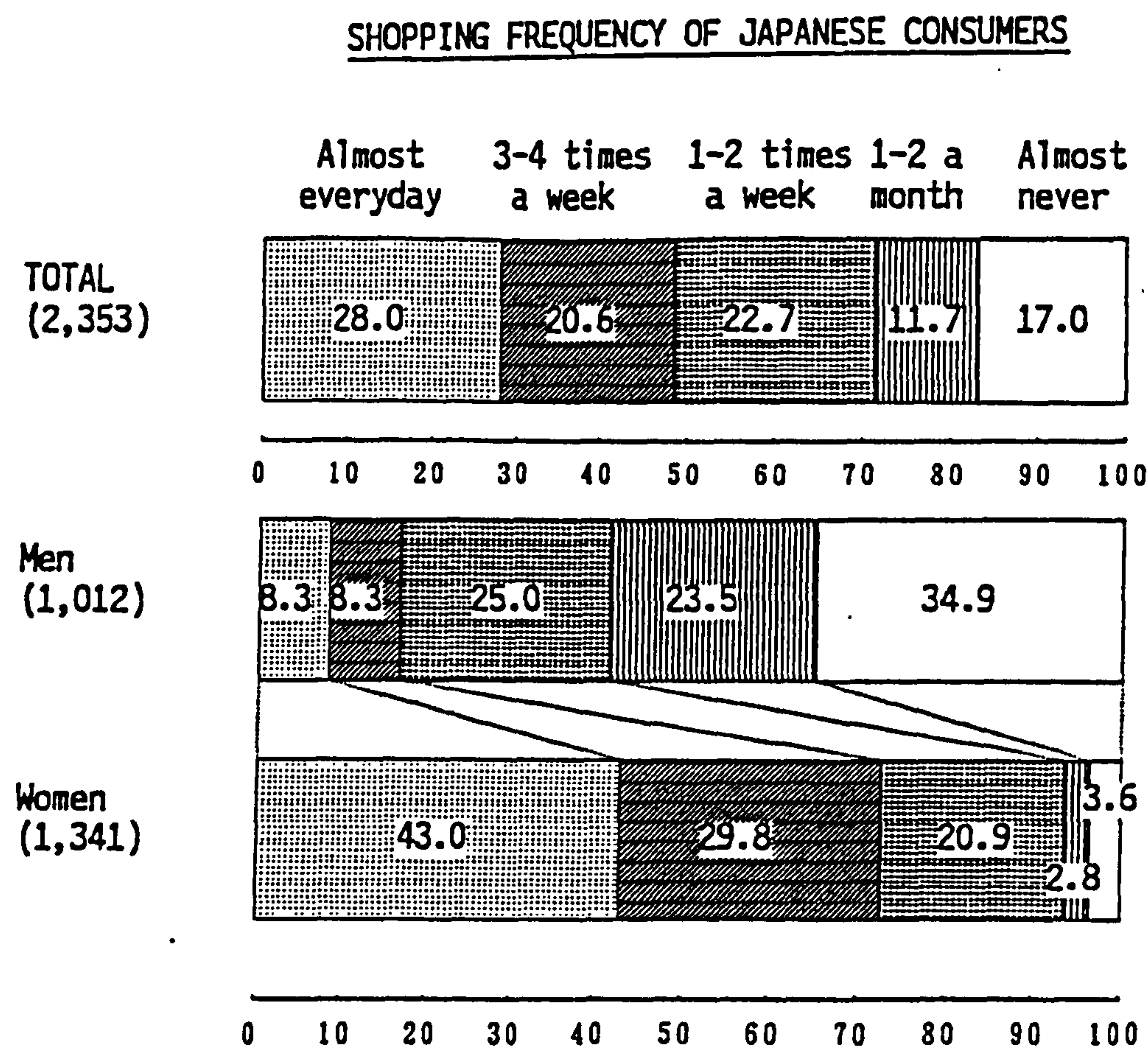
Here, Fields is referring to the use of famous personalities as status stereotypes in advertising, but it could equally be said that, following advertising that positions the status of a brand, the brand itself can be substituted for the status stereotype. Indeed, a number of overseas brands maintain the power of a status symbol through their international fame, even though they have received little, if any advertising reinforcement within Japan itself. Chief among these are Louis Vuitton luggage, Burberry clothing, and Mercedes Benz cars. <sup>(11)</sup> Ownership of such brands may not actually confer status on the owner, but they certainly confirm status.

Japanese marketing often appears to be centred upon brands. The strength of the brand, in terms of design and status value in particular, is the main success factor in the Japanese market. Consumers are highly knowledgeable about their brand choices, and are quick to develop individual preferences based on generally accepted perceptions (Johansson, 1986; Larke, 1988; Lazer et al., 1985).

The question is, to what extent perceived status plays a similar role in store choice? The relationship between social status and store choice has not been considered as directly as is the case for brands, but through consideration of what is known about consumers' use of department stores, it can be hypothesised that consumers' store perceptions may also bear the mark of hierarchical ranking related to status.



FIGURE 6.1



Figures are percentages of sample

Source: *Sōrifu kōhōshitsu* (1988: p.2).

## 6.8 BASIC ASPECTS OF JAPANESE STORE USAGE

The mass of subjective survey data mentioned earlier in this chapter provides some basic indications of general shopping behaviour in Japan. It has often been pointed out that shopping frequency in Japan is high. Many Japanese commentators have suggested that this helps to justify the fragmented nature of Japanese retailing (JCCI, 1989: p.6; Mukoyama, 1990: p.12). As figure 6.1 shows, over a quarter of a sample of Japanese consumers shop everyday, and almost three quarters of women shop at least 3-4 times a week. It must be assumed that these figures relate chiefly to essential shopping. Aoki (1983a; 1983b) found that 66.1% of his sample shopped daily for foodstuffs. A report from *Shōhinkaku Kenkyūjyo* (1981) further confirms this behaviour. In comparing Tokyo shoppers with those in New York, London, Paris, Stockholm and Bonn, Tokyo shoppers shopped most frequently for salad vegetables, fish, eggs, spoons, vacuum cleaners and mens briefs.

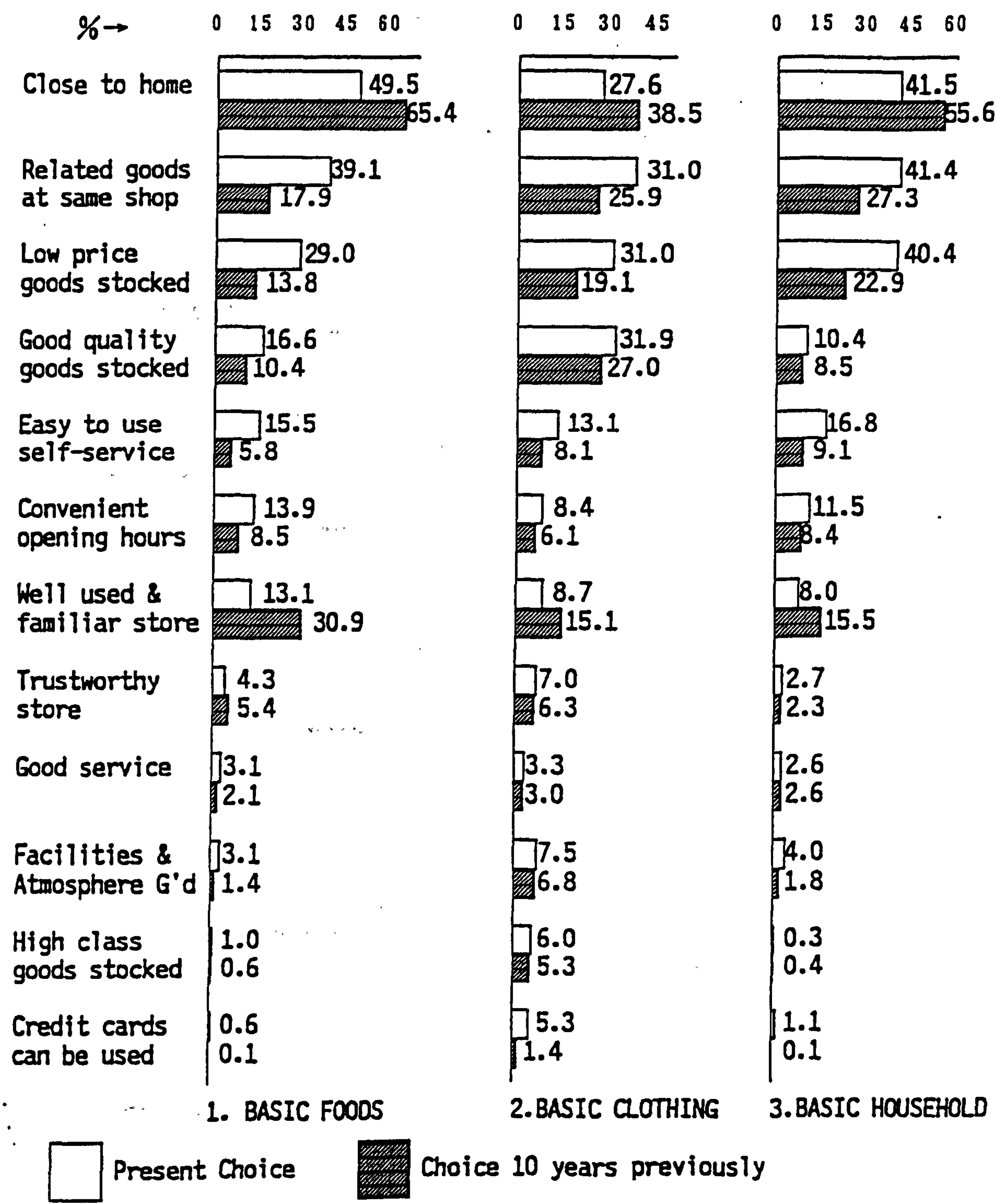
Mukoyama (1990: pp.12-13) suggests the two main factors for store choice are convenience and product quality, again, both of which can be related to the fragmented nature of Japanese retailing. Figures 6.2 and 6.3 provide some support to this argument. Figure 6.2 shows that the factor most cited when choosing stores is 'closeness to home', although this is less important than was the case ten years ago. Increasingly important is the ability to buy a number of related goods at the same store. These are convenience related factors, but recent trends suggest increasing consumer affinity to larger, cheaper stores that are close to home, stock a wide range of goods and offer suitable prices.

Figure 6.3 shows that price is by far the most important factor when choosing products, although the survey does not distinguish between low and high prices in this case. As discussed above in relation to the avoidance of price competition, this is a factor which is largely played down or avoided by many commentators (Hoshino, 1990). It has already been argued that high prices



FIGURE 6.2

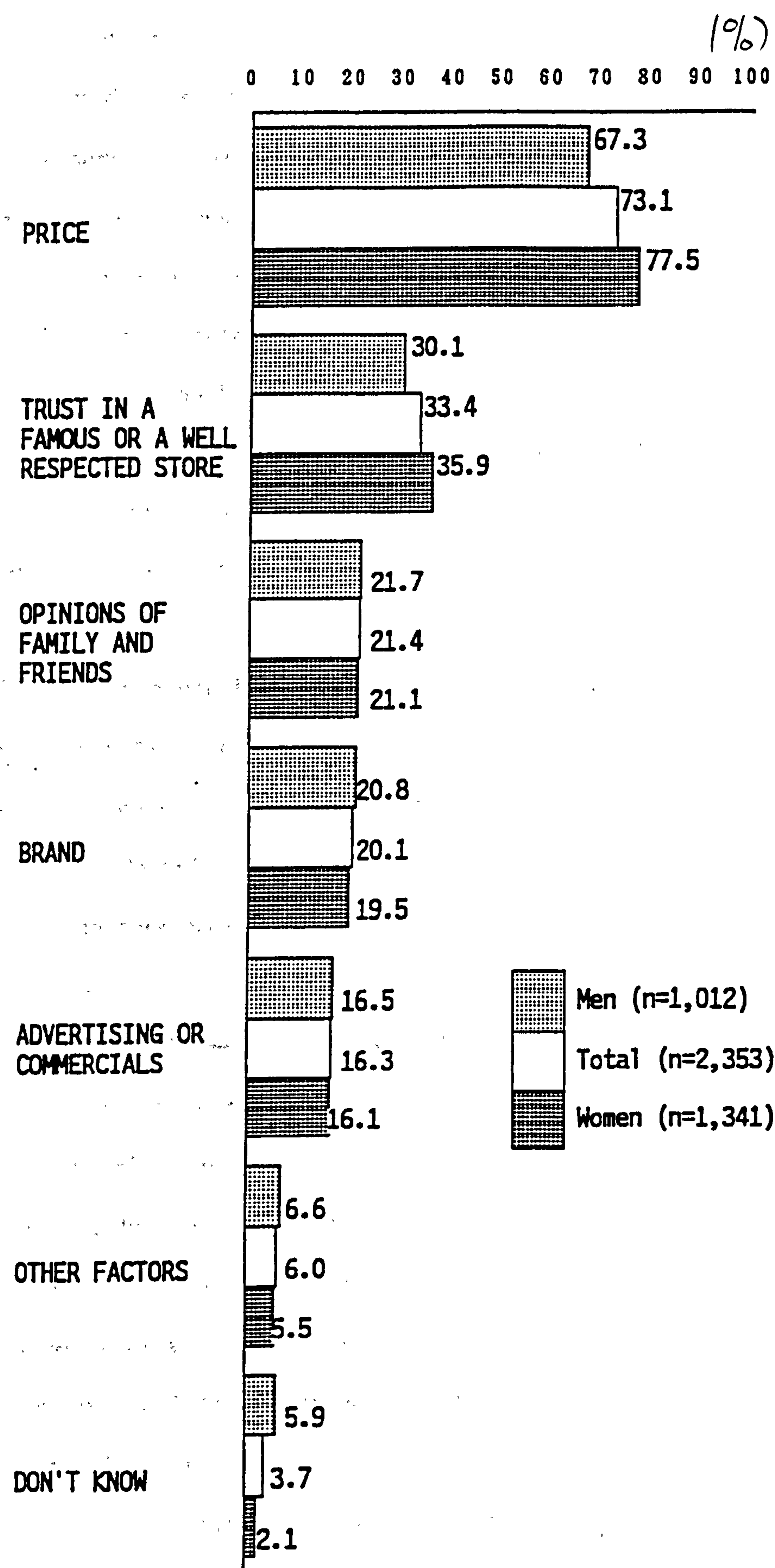
STORE CHOICE FACTORS WHEN SHOPPING FOR BASIC GOODS



Source: Adapted from MITI (1989a: p.71).

FIGURE 6.3

FACTORS IN PRODUCT CHOICE BY JAPANESE CONSUMERS



Source: *Sōrifu Kōhōshitsu* (1988: p.16).



are a result of restrictive practices, and not only due to inefficiencies in distribution. <sup>12</sup> While the survey probably wished to suggest low prices were important, there are cases where consumers deliberately seek expensive items (see chapter 4).

If different types of stores are compared, the argument that Japanese consumers are very conscious about quality and less conscious of price becomes even more tenuous. Table 6.1 shows that low prices are the most expected factor of shopping at large and small supermarkets and superstores. Similarly, product quality is expected at speciality stores, and, to a large degree, at department stores, although product assortment is more important at the latter. Other interesting points from this table include the familiarity expected from independent retailers, and the uncertainty that still surrounds the relatively new convenience store formats.

It is noticable in figure 6.3 that, after price, the second most important factor for product choice is the store. This suggests that the choice of store may be made prior to the choice of product, and takes on greater relative significance. This is confirmed by *Nakanishi* and *Aoki* (1985) who suggest that shoppers do not even decide on a particular store, but go to a certain shopping area and then move around between stores (p.43).

The traits presented in these various surveys do not suggest any use of stores that is really unique to Japan. As is seen in figure 6.3, however, the choice of store has a significant bearing on the choice of brand. Shoppers, particularly women, use stores frequently, suggesting that store involvement may develop. Non-essential shopping, including browsing and window shopping, is a major leisure activity in Japan (see *Satō*, 1985) and even large department stores have a noticable number of shoppers all through the day, reaching its peak in the late afternoon and early evening. The average Tokyo department store will have a weekday customer flow of some 40,000-50,000 people. Creighton (1988: p.75) suggests some stores even receive 300,000 customers a day, but this figure was probably arrived at by looking at the Seibu Ikebukuro store, which

TABLE 6.1

CUSTOMER EXPECTATIONS FOR EXISTING STORE TYPES

	Department Stores	Large Supas	Small Supas	Convenience Stores	Specialty Stores	Independent Stores
Wide Product Assortment	* 60.9	44.0	18.4	16.8	22.5	7.7
Good quality products	49.7	22.9	19.6	13.0	* 54.3	22.2
Good service	18.0	13.8	22.4	14.9	25.3	39.7
Prices are cheap	16.8	* 59.2	* 49.5	21.8	13.6	22.7
Easy to relate to	8.3	12.8	30.6	15.3	14.5	* 46.8
Other factors	0.5	0.3	0.6	1.7	0.4	0.5
Don't know	11.3	10.5	14.3	* 45.3	17.5	13.0

Notes: Multiple responses. \* indicates key responses for each store type.

Source: Sorifu Kohshitsu (1988: p.20).



is the major rail terminal department store in Tokyo. Even if the figure is correct, the majority of these 'customers' will probably only be passing through the store in order to reach the street, subway, or rail terminal.

Although hierarchical perceptions of stores do not appear in these basic surveys, there is one aspect of Japanese consumption behaviour that does suggest preferential store choice based on a hierarchical structure, and which is largely a result of strict social hierarchy. This aspect is gift giving.

#### 6.9 THE INFLUENCE OF SOCIAL HIERARCHY ON STORE CHOICE: GIFT GIVING

Gift giving in Japan has been a widely researched topic. As suggested in previous chapters, it is a very different activity to that in the West (Green and Alden, 1988). In Japan, the saying, 'its the thought that counts' is rarely applicable. More important by far is the motive and the physical gift. The gift includes not only the product, but its presentation, packaging and, not least, its monetary value.

The main reason for gift giving in Japan is social obligation, most frequently by an inferior to a superior (Age of Tomorrow, 1990). Gifts are given in appreciation for a favour done or a favour anticipated. <sup>(13)</sup> The formal gift market is very important for retailers, but not all retailers. Those benefiting the most by far are the large, prestigious department stores. The overall size of the market is difficult to judge, but a recent estimate suggests ¥12.7 trillion (about £50.8 billion) (Fields, 1990a). This would represent over 10% of retail sales in 1988.

A relatively small market for spontaneous gift giving does exist among young people. In the 1970s it became increasingly common for classmates, especially girls, to exchange small gifts such as confectionary or stationary. These young people had more spending money than their predecessors and many more small, girl-targeted goods to spend it on (see Larke, 1990). As this age group has grown up, the custom of giving gifts to friends has expanded greatly, and it is

TABLE 6.2

PERSONAL GIFT OCCASIONS AND MARKET SIZES

OCCASION	DATE/SEASON	ESTIMATED MARKET (¥ bn.)
PERSONAL GIFTS:		
* <i>O-chugen</i>	June - July	740
* <i>O-seibo</i>	Dec.- Jan.	960
Christmas	25th December	300
* Valentine's Day	14th February	100
White Day	14th March	23
Halloween	31st October	5
Father's Day	June (3rd Sunday)	150
Mother's Day	May (2nd Sunday)	170
School/Company Entrance	April	200
Adult's Day	15th January	20
7-5-3 Festival	15th November	22
Engagement Ceremony	perennial	230
Marriage Ceremony	perennial	240
Births	perennial	320
Buddhist Ceremonies	perennial	300
COMPANY GIFTS:		
* <i>O-chugen</i>	June - July	430
* <i>O-seibo</i>	Dec.- Jan.	460
Commemorative Days	perennial	300
Novelties and Premiums	perennial <sup>(1)</sup>	1,200
TOTAL		6,170

Note: \* = Occasion where obligatory gift-giving is substantial.

<sup>(1)</sup> Giving of gifts as premiums to consumers is illegal according to Fields (1988a).

Source: Kenji Sawada, Robinson Department Store (Ito-Yokado)



now very common for both men and women to buy presents, although recipients are largely female (see JEJ, 1990). This market could be called the 'discretionary gift market', but, taken alone, it is still of minor importance relative to its non-discretionary, ie. obligatory, counterpart.

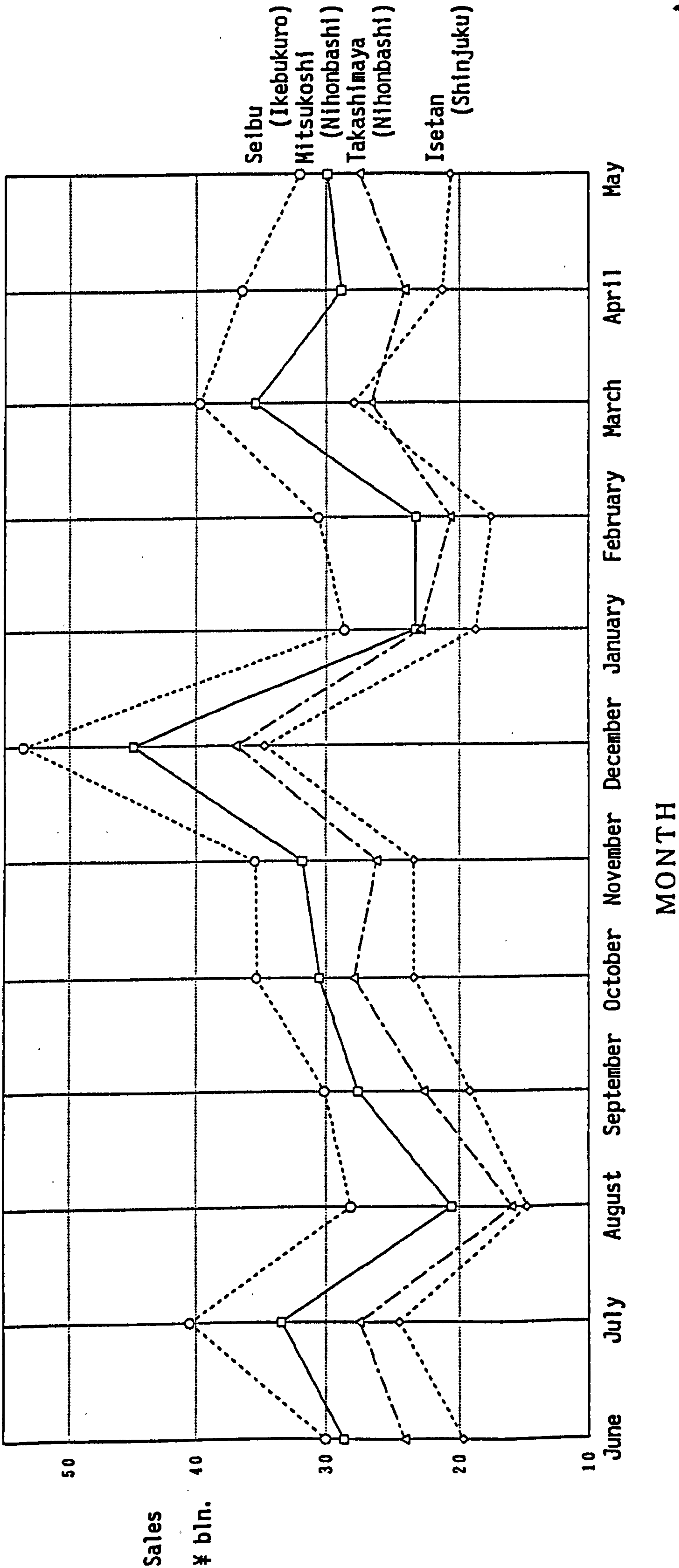
Table 6.2 lists the fifteen largest personal gift occasions and the five main corporate gift occasions in Japan. Those in which obligatory gifts play a major role are marked with an asterix. The remaining five, Christmas, Halloween <sup>(14)</sup>, school and company entrance (both in April only), Adults Day <sup>(15)</sup>, 7-5-3 Day <sup>(16)</sup>, and child births are occasions for gifts that are given for congratulatory purposes or fun. Some of the other occasions, especially White Day (Ato, 1990b) <sup>(17)</sup> and Mothers' and Fathers' Days carry only a superfluous degree of obligation. The remaining six personal gift occasions, including a large percentage of Valentine's gifts and all five corporate gift occasions, can generally be considered as obligatory. <sup>(18)</sup>

Formal, obligatory gift giving is concentrated in two main seasons. These are the mid-year (*o-chugen*) and the end of year (*o-seibo*) gift seasons that coincide with the twice yearly bonuses received by all full-time Japanese employees. Figures 6.4 and 6.5 show the 1989-90 monthly sales trends for Tokyo's top department stores, and the top GMS chains in Japan respectively. The main gift giving season is in December, and contributes to a large increase in retail sales in this month. The second gift giving season is in mid-summer and is represented by peaks for July sales.

Although it is unclear from the diagrams, department store sales rise more sharply than GMS sales in these months. The increase in retail sales in December over November 1989 for the top ten department stores in Japan was 170% compared to 136% for GMS chains. Similarly in July 1989, department store sales rose 143% on June sales, while GMS turnover increased only 117%. GMS chains do better at New Year as it is a major holiday with increased food and drink consumption in general. The mid-year season sales peak is accounted for almost entirely by gift giving.

FIGURE 6.4

MONTHLY SALES OF TOKYO'S LEADING FOUR DEPARTMENT STORES 1989 TO 1990

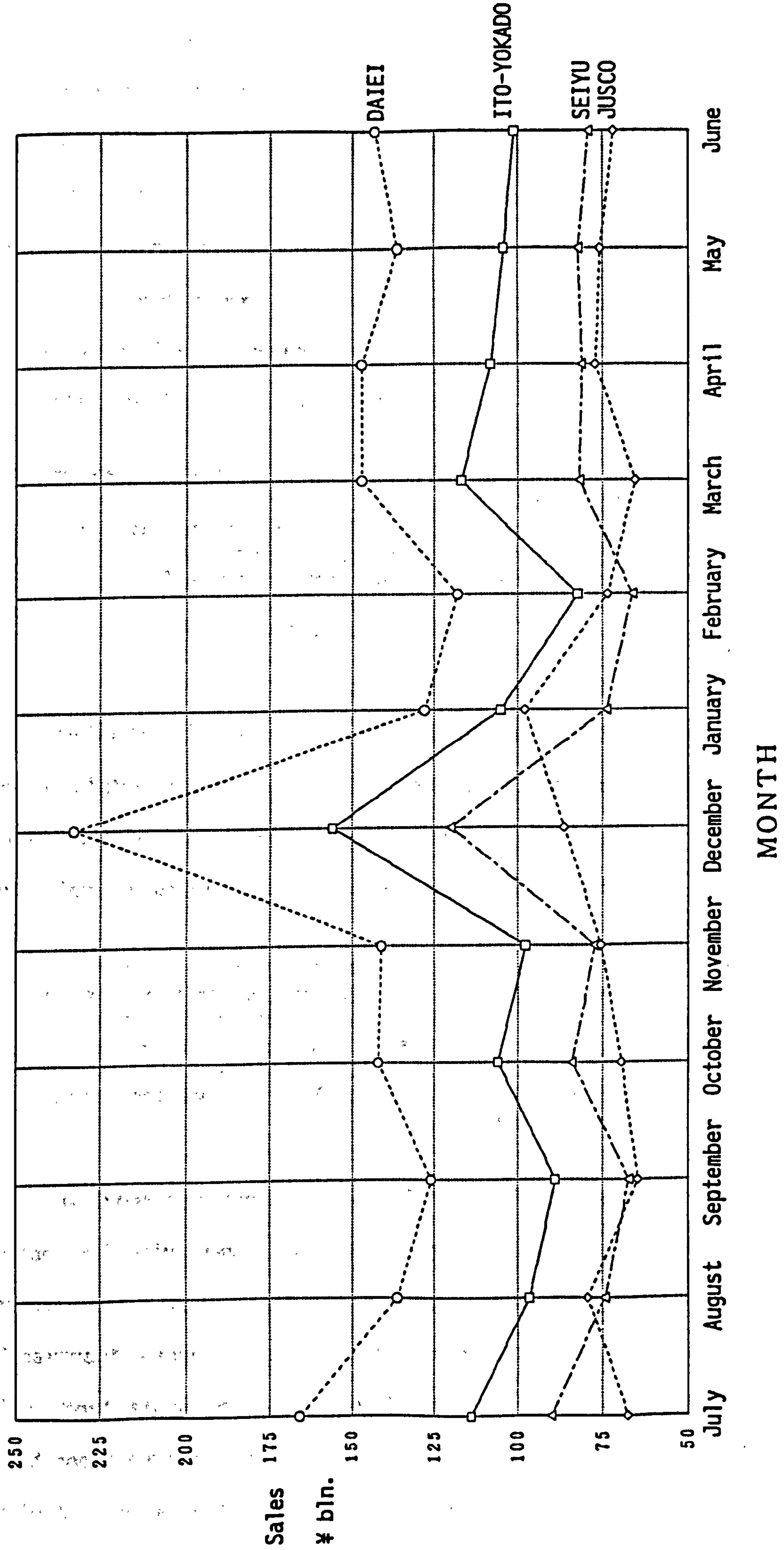


Source: *Nikkei Ryūtsū Shinbun* (1990b: pp.464-475).



FIGURE 6.5

MONTHLY SALES OF TOP GENERAL MERCHANDISE STORES 1989 TO 1990



The *o-chūgen* and *o-seibo* seasons are socially important because, as already suggested, it is the time when one, "must give his patrons, benefactors, bosses, and sundry superiors gifts that usually amount to more than just an expression of sentiment" (Woronoff, 1981: p.286). Although it is recognised as a wasteful tradition with a tint of corruption, the practice is too widespread to disappear. Seasonal gifts, most especially those bought on mass by corporations to give to their customers, is of great importance to Japanese department stores. (19) The two months of December and July accounted for 22% of annual sales for Seibu Ikebukuro store in 1988. Fields notes:

"Gift giving is very much a barometer on how well department stores will fare financially for the year. [According to a Sumitomo Bank survey in 1985] the average, married salaried worker is committed to non-routine expenses amounting to 2% of his [total annual] income over the New Year period . . . about 22% of this expenditure is used on *o-seibo* gift giving, excluding gifts given to family members."

(Fields, 1988a: p.84)

The *o-chūgen* and *o-seibo* gifts are special because they are so closely tied to social status and obligation. The simple act of giving a gift is not enough. The gift must be the correct gift in everyway - what is given, its value, its presentation and where it was purchased. Creighton asserts:

"In theory gifts are voluntary, but everyone knows they are given under obligation, . . . personal sentiment - affection, intimacy, friendship - have no place in choosing gifts or who is to receive them, . . . the price of the gift should be clearly discernable, . . . [and the custom is] against mutual exchanges: the flow is from inferiors to superiors."

(Creighton, 1988: p.283)

The involvement of social status inferences in the gift giving process is a major factor linking general social hierarchy with shopping behaviour in Japan. In the particular case of gift giving, this is a well accepted notion.

Department stores all over Japan provide a complete *o-chūgen* and *o-seibo* service. Most stores dedicate one whole floor to the display of specially packaged goods during these seasons. Shop assistants not only take orders, but are able to advise on the suitability of a gift in relation to the potential



recipient, taking full account of relative status of both the giver and receiver. For a fee, department stores will take over the whole business of choosing, wrapping and sending out all a customer's required gifts. Gifts of varying values are chosen and given in relation to the status of the recipient - the higher the status the more expensive the gift. With such a detailed social hierarchy this can be a very difficult task, and the services of department stores are often indispensable (Creighton, 1988: pp.293-294). Of course, this is also the opinion of the department stores themselves who send sales representatives to overseas companies in Japan to advise them on suitable gifts for their customers (p.294).

Not only gifts, but all purchases at department stores throughout the year are meticulously wrapped. Many stores, department stores and otherwise, also provide a supplementary wrapping service for any item bought as a personal gift.

(20) Obligatory gifts are wrapped most usually in 'standard' department store paper. Each department store has its own distinctive wrapping paper. The value of the gift is enhanced by the wrapping paper as it clearly shows the place of purchase. As Fields (1988a: p.102) notes, presentation of a gift clearly bought at a famous store like Takashimaya is far more acceptable than exactly the same item bought at local superstores such as Daiei. The author even suggests, "the item must retain the original department store wrapper to be of any value" (Fields, 1983: p.164).

A further illustration of the importance of store choice in gift purchasing was the decline in sales of Mitsukoshi department store after a boardroom scandal in the early 1980s. The store sells basically the same gift items as any of its near rivals, but the scandal created a feeling of betrayal among its customers leading to a "boycott" of the store for gift buying purposes (Fields, 1983: p.164). In the late 1980s, Mitsukoshi largely recovered its prestige value, and regained its position in the obligatory gift market. In discussing free art exhibitions in department stores, Creighton notes:

"[Store employees are taught] that by receiving a salary they

have incurred obligations to the store and to society. Likewise a store philosophy asserts that the store itself, by accepting profits from consumers, also has an obligation to society."

(Creighton, 1988: p.405)

Department stores fulfil this obligation through reliability and trustworthiness. They are seen as having a level of prestige that can provide added value to gifts purchased in their stores. As the majority of these gifts are obligatory, relating directly to the detailed and strictly observed social hierarchy in Japan, it is clear that department stores have a place within the same social hierarchy.

This is accepted for gift giving in Japan. The question is to what extent the same type of hierarchical perceptions are applied to department stores for purposes other than gift giving, and to what extent, if any, it is applied to other retail types.

#### 6.10 EXPLORATORY ANALYSIS OF THE STORE PERCEPTIONS OF CONSUMERS

The preceding discussion demonstrates the centrality of social rank in Japanese society, and, through detailed consideration of known gift giving motives and buying behaviour, suggests that hierarchical ranking may extend to Japanese consumers' perceptions of element stores in their evoked sets. Such behaviour is observable in consumers' brand preferences, where certain brands confer clear status on the owner.

The basic objective of the exploratory survey undertaken in this research is to investigate store perceptions of consumers in Japan. This is done with reference to the discussion concerning general consumer preference as presented in the previous chapter, and to the discussion of preference behaviour of Japanese consumers' as presented above. The lack of any significant work on Japanese store perceptions suggests the need for a basic, exploratory survey approach. To consider fundamentals of potential consumer preferences, the research was designed to avoid prior assumptions or pre-expected outcomes having



a major influence on the data collected. The survey was largely restricted to large retail outlets because of their higher profile and the noted importance of such stores for consumption behaviour related to social hierarchy.

The aim was to generate the store perceptions of consumers rather than simply store preference rankings. Preference structure could then be estimated employing the previously generated perception data. It was not the aim of the study to further investigate store choice for gift purchases. Such behaviour has already been considered, as described above, and is well accepted as relating to social hierarchy in Japan (Befu, 1986; Woronoff, 1981; Fields, 1983: 1988a; 1990a). This accepted consumer behaviour serves as the basis to suggest that social hierarchy may influence store perceptions, which, in turn, lead to ranked preferences of stores. It was expected that the significance of gift purchases would be apparent in the data generated.

In order to focus the analysis of data to be collected, a number of simple hypotheses were proposed on the basis of the discussion presented in this chapter. These relate both to expected perceptions and preferences.

H1: Japanese consumers have a clear and detailed perception of the stores that form elements of their awareness set.

H2: Store perception constructs are similar across different consumer groups.

H3: Store perception constructs are basically similar in cities of varying size and structure.

H4: Freely generated store perception constructs will resemble store 'image' factors employed in previous literature.

H5: Differing types of large store will be perceived differently, but on basically the same perceptual framework.

The above five hypotheses relate to store perceptions. It was expected that Japanese consumers have a detailed and largely uniform perception of the large stores they know. The data generated to understand store perceptions was

qualitative in nature. The above five hypotheses cannot be tested by statistical means, but the applicability of each can be judged from detailed content analysis of the data.

H6: Japanese consumers form clear and generally accepted ranked preferences of the large retail stores that form elements of their awareness sets.

H7: Different consumer groups distinguish between large stores in a similar manner.

H8: Within the rank order, different retail types are clearly distinguished.

H9: Store perceptions of different consumer types are similar for different store types.

Through application of data concerning consumer store perceptions, the existence of firmly held preference rankings was investigated as described below. This takes a more statistical approach, and the second five hypotheses can be evaluated using quantitative data. Statistical analysis is limited due to the use of convenience sampling, but, employing simple techniques, consumer perceptions can be further evaluated and preferences inferred.

#### NOTES TO CHAPTER 6

- (1) For example of close location of a number of convenience stores from the same chain see chapter 4.
- (2) *Nikkei Ryūtsū Shinbun* (1989c: pp.39-68) covers the impact of the introduction of the Consumption Tax and other changes to the tax system in general.
- (3) Masatoshi Ito, chairman of Ito-Yokado, has expressed envy of the margins commanded by firms such as Marks and Spencer in the UK (Pagano, 1986). Of all large retailers in Japan, Ito-Yokado is making the greatest strides towards efficiency and higher net margins. They have been the most profitable large retail operation in Japan since 1983 (Ito-Yokado, 1989).
- (4) The station area at Fujisawa City, 51 km to the south of Tokyo, is often cited informally as a case study of cut-throat price war and store differentiation. The battle was between large local department stores and



large chains including Seibu, Daiei and Ito-Yokado. By all accounts, although all the original stores are still operating, Ito-Yokado has come off best of the bunch.

- (5) It should be said, however, that large retailers naturally do not deliberately seek out competition. The scarcity and cost of suitable areas of land even in city suburbs, coupled with the political blocking power of existing large stores, leads the majority of large suburban supermarkets and GMSs to maintain their own exclusive trading area. Even so, these stores will be linked into the city transport network and cannot be described as isolated in the sense that a car is necessary to use them. Data and computer graphics already exist that would allow detailed future research of this point.
- (6) On a more universal level, the advertising and buying power of the larger groups, including the Mitsukoshi group, may create competitive environments that extend well beyond single stores. That having been said, even within Tokyo where several department stores maintain more than one outlet, department store advertising generally focuses on individual outlets. In addition, very few retail companies advertise at the corporate level, the visible exceptions being Seven-Eleven, Ito-Yokado and Family Mart.
- (7) The word *Senpai* means 'seniors' or 'prior fellow group members'.
- (8) The word *Kohai* means 'later fellow group members'.
- (9) As public concern with Japan vs. rest of the world price differentials grows, more cases come to light of Japanese products selling considerably cheaper abroad than at home. One such instance was that of Matsushita portable telephones. Exported models were still cheaper than identical domestic ones after re-importing them from New York! Matsushita, who have one of the tightest manufacturer distribution policies, made excuses and throttled domestic supply rather than reduce prices.
- (10) In Japanese there is a word from which Fields derives his term "social being". It is *shakaijin* [社会人], literally meaning 'society-person'.
- (11) For a well illustrated discussion on the plight of Japanese consumers relating to price fixing, anti-competition and the government's 'unusual' ideas on consumer protection measures see Fields, "Consumers Arise, your day is near," (1988, Pt.4, pp.109-134). Also see Nakaoka (1989) for a scathing attack on the Japanese government's protection of industry instead of protecting consumer rights.
- (12) Hoshino (1990) suggests that BMW severely damaged their image by advertising and lowering the price of some models in order to compete with their rivals, Mercedes. He says:

"Even college students can now afford to buy BMWs . . .[and] the image of BMW has plummeted, with Mercedes now pulling ahead both in image and sales."

Here he is clearly overstating the case. It is true that large numbers of BMWs can be seen parked outside Tokyo's top universities, but the same is true for Mercedes, Porsche's, and there is even the occasional Ferrari. It needs to be remembered that, even in Japan's relatively class free society, the fathers of the majority of these students will have incomes far beyond the average.



- (13) A famous illustration of the possibility of corruption through this system is the Recruit scandal where senior politicians received money and shares to 'encourage' them to make particular decisions. Although scandalous in the size of the 'donations' changing hands, this is not an unusual practice in Japanese politics, and the embarrassment is now largely forgotten. See *Economist* (1988l; 1988m; 1988p; 1988q; 1989a; 1989c; 1989e; 1989f; 1989g; 1989h; 1989i; 1989l; 1989m; 1989n; 1989o; 1989p; 1989r; 1989s; 1989u).
- (14) The exact date of publication of these figures is unclear, but the Halloween and Christmas markets are now considerably larger. Both gift occasions are basically aimed at children and young people, and have been largely built up by heavy retail promotion.
- (15) Adults' Day is 15 January. Young people who have reached the age of 20 in the previous year attend special ceremonies in celebration of becoming adults. Department stores take the opportunity to hire formal kimono to young women who have been busily growing their hair for the past year in preparation.
- (16) 7-5-3 Festival is 15 November. Children aged seven, five and three are taken to shrines to pray for their future health and success. Despite its traditional air, Creighton (1988: pp.273-274) claims this to be a creation of the major retailers (cf. Valentine's Day - note 17). Originating in a small area of Tokyo, it has been expanded into a national event through promotion by retailers and shrines. It is a good occasion to buy gifts for children, but as for Adults Day, large department stores do a good business in formal dress hire for the kids.
- (17) White Day is 14 March. A special day created totally by retailers and chocolate manufacturers as the male counterpart to the Japanese Valentine's Day. In Japan, Valentine's Day was imported by retailers and confectionary manufacturers as a day when women give chocolate to their chosen male suitors. Unfortunately, the 'opportunity for women' to express their feelings was over emphasised, making 14th February a day for presents from women to men, but not vice versa.
- (18) In a survey by Keio Department store in 1987 (*Seikatsusha*, 1987), 23.2% of respondents gave Valentine's gifts out of duty or obligation. Usually this entails office girls presenting their male bosses with chocolates, making sure to show no favouritism. Reciprocal gestures on White Day are far less common in Japan's 'macho' society.
- (19) At a private presentation, Nobutake Sato, Senior Managing Director at Ito-Yokado, pointed out that their employees are strictly forbidden from receiving such gifts. Those caught doing so, he claimed, would be immediately dismissed. He suggested that the only place for favours and concessions was in actual business negotiations, and should take the form of price concessions, discounts and the like, never physical presents to individual managers. This attitude is common in many major corporations, although whether most would go as far as to threaten dismissal is uncertain. It can be assumed that employees will continue the custom at the personal level all the same.
- (20) Kenji Sawada, store manager at Ito-Yokado's Robinson's Department Store, claims a very high demand for these services. Customers are willing to wait 2-3 hours and pay a fee to get items specially wrapped and packaged, even though the store automatically wraps items in the store's paper for free.



SURVEY METHODOLOGY

7.1 INTRODUCTION

Japanese consumers appear to develop clear, ranked preferences in the course of their shopping behaviour. Prior to being able to establish this, however, it remains unclear as to how Japanese consumers choose stores. In order to determine the existence and extent of preference behaviour towards stores in Japan, it is necessary first to determine the criteria on which consumers assess the stores they use frequently. Once empirically generated choice criteria have been established, the existence of preference rankings can be further investigated.

There exists a considerable Western literature relating to store choice, store preference, and store image and perceptions. A large section of the literature relating to consumer preference was considered in chapter 5. The circumstances of the research, however, ie. a non-Japanese researcher attempting a primary survey in Japan in the Japanese language, meant that it would have been inappropriate blindly to apply prior assumptions, concepts and ideas that originate from Western literature. It is impossible to remove the influence of all preconceived expectations totally, but the survey method was chosen and adapted to reduce internal measurement bias as much as possible. The relative merits and demerits of the method, both in itself and in the Japanese context, will be considered in detail in the chapter 8.

The survey was designed in two parts. The first stage consisted of 19 group interviews undertaken in four Japanese cities. The primary objective of the interviews was to collect detailed qualitative data concerning consumers' store perceptions of large stores with which they were familiar. The data from the interviews can be considered a genuine sample of store assessment criteria

employed by Japanese consumers. The interview technique was chosen so as to allow respondents considerable range and freedom of reply, without unnecessary bias entering the data as a result of interference by the researcher or independent interviewers. The success of the interview method is of interest in itself, and this is discussed in the following chapter.

The secondary aim of the interviews was to collect data - in the form of store assessment criteria - which could be used to design a detailed questionnaire. The questionnaire formed the second stage of the survey. This allowed the collection of a large volume of more quantitative store assessment and ranking data concerning a number of large stores.

As the survey is based on the first stage interviews, these will be described in considerable detail. In the latter portion of the chapter the questionnaire construction will be described.

## 7.2 SURVEY SAMPLE

Three decisions were necessary prior to establishing survey samples for both the interview and questionnaire stages of the survey.

- In operational terms, what would form the subject matter for the interviews and the questionnaire?
- Where in Japan would the survey take place?
- Which consumer types would be suitable respondents for the survey?

### 7.2.1 INTERVIEW SUBJECT: LARGE RETAIL STORES

The choice of large retail stores as the central subject of the study was made for simplicity and convenience. Small stores, which account for the vast majority of Japanese retailing could have been considered or included in part, but this would have added unnecessary complications. Considering large stores alone allows respondents' to focus on a narrow, but very prominent sector of



the Japanese retail environment. As the ultimate aim of the survey will be to consider the existence of a preferential hierarchy among stores, large stores provide the most obvious hypothetical subjects. That is to say, the prominence of large stores makes them easier to distinguish and rank. This concept is fairly clear, but a brief operational expansion is required.

If preconceived assumptions were to be totally avoided prior to the interviews, the respondents would have had to be free to choose any stores they wished, large or small, as subject matter for the interviews. The awareness set of stores of an individual consumer would be too large to include all of the set's elements in a single interview. In addition, as group interviews were employed, the total number of stores in the group's collective awareness set would be unmanagably large.

Being, for most respondents, less convenient to reach, large stores may not be visited as frequently as some smaller ones. On the other hand, they maintain a higher overall profile in the Japanese shopping environment. In any one area, the number of large stores is relatively small and well defined. The majority of a city's large retail outlets are likely to be elements in the awareness sets of most consumers, even though some large stores will be visited relatively infrequently.

As part of larger retail companies and groupings, large stores are likely to be subject to more generally held perceptions within a particular geographical area. These perceptions may be influenced by the awareness of some consumers of the overall corporate image of a large retail company, but such awareness further serves to define large stores within the awareness sets of consumers, and suggests a greater probability for the existence of store preferences. While this is a prior assumption, it is a necessary one in order to focus the interviews on a particular type of store.

It would be possible to employ small local stores as interview subjects, but this would create greater difficulty in gathering groups whose members all had a similar awareness of stores. It is possible that perceptions are more focused

towards individual outlets in the case of small stores. This would mean that fewer valid generalisations could be made between different geographical areas, and less inter-store preferences are likely to arise.

In other words, each individual small store may be used for its clearly discernable attributes. In the case of large stores, there will be a greater overlap of store attributes causing different stores to be used for similar purposes but on different occasions, or as a result of less tangible considerations of which preference may play a part.

Equally, it would be possible to undertake a similar study to compare perceptions of large stores with those of small stores. This would be particularly interesting in Japan. As with a study of small stores alone, however, there would be problems with sampling and with obtaining generally applicable results. A preference ranking arising from consideration of a single type of store would have more validity than one which attempted to compare preferences between different sizes of store. A study of stores of different sizes would be more suited to different research objectives.

For simplicity, and to consider the differentiated perceptions and preferences between outlets, large stores were taken as the most appropriate subjects for investigation. As described in chapter 1, the origins of the research lie in observation of the views on large stores of consumers in Nagoya.

For operational purposes, a large store was defined according to the Japanese Large Store Law (see Chapter 2). This allows easy identification of stores within any one area through government statistics and records. It includes department stores, large superstores and supermarkets, and fashion buildings and multi-tenant shopping centres. For each of the subject cities in the study, all 1st Rank large stores were used as interview subjects. These are given in the *Daikibo Kouri Tenpo Yōran* [大規模小売店舗要覧] published by the Ministry of International Trade and Industry (MITI, 1987b). In larger cities the number of 1st Rank stores <sup>(1)</sup> is such that 1st Rank stores alone were used in the survey. In smaller cities where there are few 1st Rank stores, a few of



the largest 2nd Rank stores were also included. Lists of 2nd Rank stores<sup>3</sup> are not published, and 2nd Rank store data are only collected by prefectural offices - not centrally by MITI. These lists were acquired after personal visits to the prefectural offices in each of the subject cities included in the survey. The stores used as interview subjects for each city are listed in the following section.

#### 7.2.2 INTERVIEW LOCATIONS: SUBJECT CITIES

In order to access consumers' genuine perceptions of large stores it is necessary to consider stores with which they are not only aware, but are well familiar. *RICE*(1987) undertook a similar investigation of corporate images of Japanese retail companies. This study produced ranks for different retail companies on a number of predetermined criteria, and in different regional cities. This approach is avoided in the present study as it is believed that store preferences by consumers arise through their experience with particular outlets, rather than a general knowledge of the retail companies involved. The sample employed in the *RICE* survey was 96% male, and clearly was not concerned with shopping perceptions.

As noted above, rather than strive for a uniform corporate image, the competitive strategy of many Japanese retail companies is to differentiate individual outlets from their local competitors. Outlet differentiation can help to build a feeling of familiarity among the store's clientele, which could lead to hierarchical preferences being formed. For this reason four cities were chosen so that the large stores to be considered could be easily defined.

Japanese shopping areas are generally small and well defined due to the crowded and compact nature of Japanese cities as a whole. It is relatively easy to identify the major shopping areas in any city. Larger cities will have a number of areas centred on a group of large stores. Other smaller cities may have only one. In order to focus the study, cities with shopping areas that

were dominated by or overlapped with neighbouring areas were avoided. This excludes second order cities which are basically satellites of higher order urban centres. Employing only first order cities allowed groups of respondents with a relatively uniform awareness of local stores to be gathered easily. This provided a larger volume of accurate opinions and observations concerning a well defined and manageable number of large retail stores.

The Tokyo area has a large number of clearly defined shopping areas, each centred around a group of large retail outlets. This includes six major centres within the 23 inner wards alone, and a number of separate cities in the outlying metropolitan area. The majority of these are centred on specific transport nodes, the only exceptions being Ginza and Nihonbashi, which are close to Tokyo station, but not built around it.

Whereas Tokyo centres could well be of interest under different research objectives, the overlap and interdependency between areas, and the dominating influence of the six central areas would cause sampling difficulties for the present research design.

People are known to travel from all parts of Japan to shop in Tokyo (*Nakanishi and Aoki, 1985*). Within Tokyo itself, many shoppers alternate freely among a number of centres. In order to obtain meaningful analysis of large retail stores in Tokyo using the group interview method, it would have been necessary previously to select and restrict the stores used for the interview, perhaps choosing just one or two of the numerous areas available. Finding a group of respondents who were equally knowledgeable about the chosen subject stores would have been difficult. The large number of large stores in Tokyo means that, for any small group of people, frequency of shopping at any one store would vary considerably.

The overall number of large stores in the awareness set of any one consumer would be too large and too varied to be managed at the interview stage of the research. Under Tokyo Metropolitan Government administration, there are 1,225 stores with floor space over 500 square metres, representing a total of over 4



FIGURE 7.1

LOCATION IN JAPAN OF THE TWENTY-FIVE CITIES CONSIDERED FOR INCLUSION IN THE SURVEY

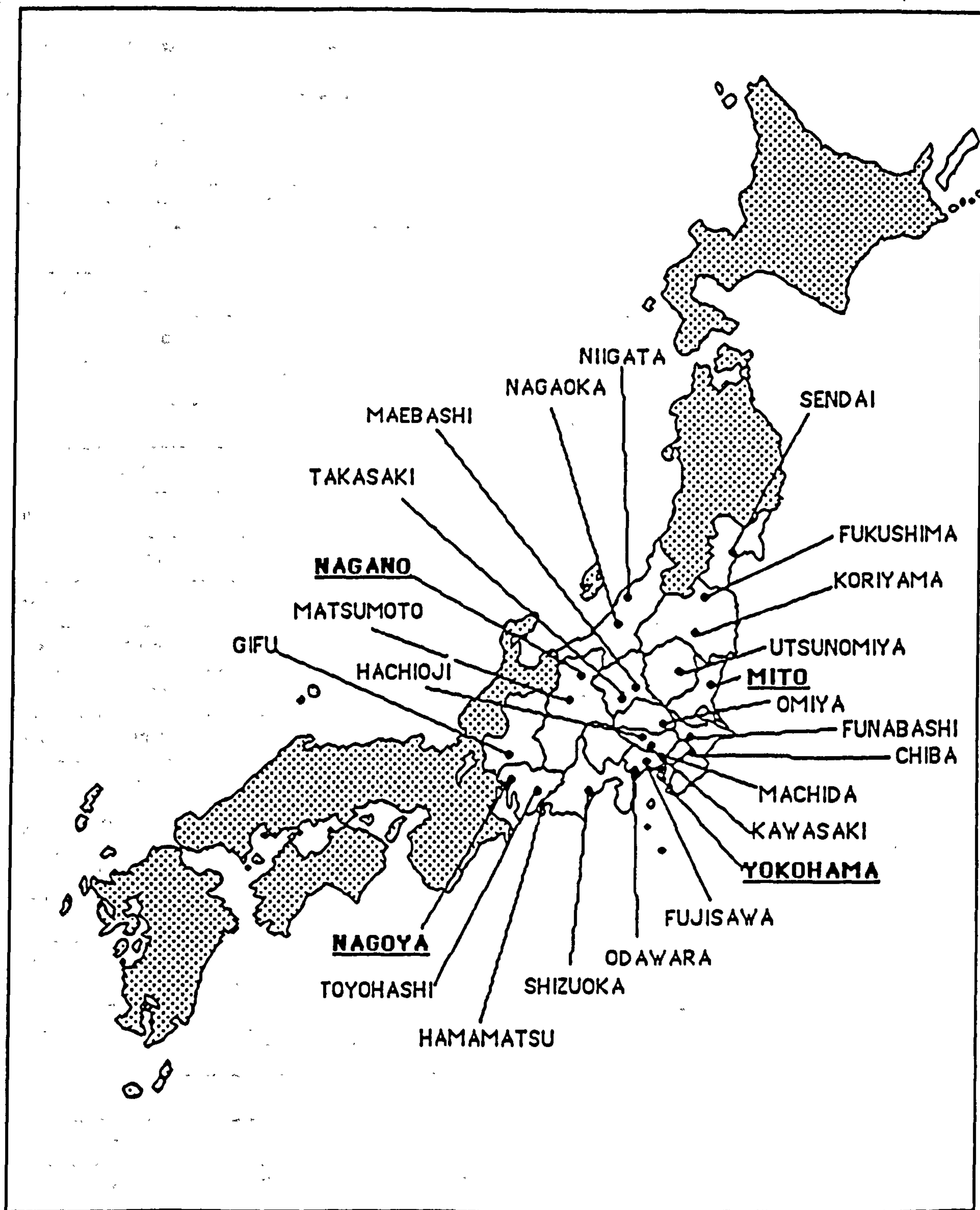


TABLE 7.1

## CITIES CONSIDERED FOR INCLUSION IN SURVEY: KEY STATISTICS 1988

CITY	REGION	Distance to Tokyo (Train km)	Population	% pop'n living in DIDs	Daytime / Nighttime pop'n %	dist'n workforce ratio <sup>a</sup>	Number Retail stores	Total retail sales ¥10 mill.
Sendai	Tohoku	352	727,942	86.7	113.7	141	8,570	779,561
Fukushima	Tohoku	273	270,762	54.8	104.9	99	3,301	242,275
Koriyama	N.Kanto	117	301,673	61.7	103.9	n.a.	3,801	277,758
Mito	N.Kanto	121	228,985	72.7	115.7	130	3,270	315,919
Utsunomiya	N.Kanto	110	405,375	70.9	107.6	115	5,318	443,649
Maebashi	N.Kanto	112	277,319	67.5	107.5	114	4,100	278,769
Takasaki	N.Kanto	105	231,766	64.4	108.6	120	3,579	264,166
Maia	Kanto	31	373,022	85.8	94.1	117	3,976	382,032
Chiba	Kanto	40	788,930	85.2	93.9	110	7,017	672,328
Funabashi	Kanto	19	506,966	94.0	80.6	117	4,476	427,015
Hachioji	S.Kanto	40	426,654	80.8	98.1	98	3,771	353,257
Machida	S.Kanto	34	321,188	83.5	87.1	103	2,341	319,214
Yokohama	S.Kanto	31	2,992,926	94.2	89.6	102	27,772	2,421,916
Kawasaki	S.Kanto	18	1,088,624	97.6	92.9	100	10,446	779,412
Fujisawa	S.Kanto	49	328,387	90.0	96.0	98	3,014	304,486
Odawara	S.Kanto	84	185,941	75.1	100.1	103	2,679	208,945
Nagaoka	Chubu	271	183,759	59.6	109.2	127	2,760	185,240
Niigata	Chubu	340	475,630	85.9	109.8	132	6,634	459,452
Nagano	Chubu	221	336,973	56.3	106.2	101	4,160	328,525
Matsumoto	Chubu	172	197,340	56.2	111.7	117	3,076	237,919
Shizuoka	Chubu	180	468,362	82.8	107.5	124	6,978	463,737
Hamamatsu	Chubu	257	514,118	58.9	105.1	98	6,702	530,591
Toyohashi	Chubu	294	322,142	62.9	101.1	101	4,570	322,267
Nagoya	Chubu	366	2,116,381	96.0	115.2	138	32,229	2,509,755
Gifu	Chubu	396	411,743	68.2	105.5	125	6,351	384,256

## Notes:

<sup>a</sup> : This is the workforce in retail and wholesale businesses as a percentage ratio of the national average of 22.6%

DIDs : 'Densely Inhabited Districts' - urban areas where population density exceeds 4000 people per square kilometre

Sources: *Asahi Shinbunsha* (1988), *Kyōikusha* (1987, 1988), *Nihon Kōtsū Kōsha* (1988), *Sōmuchō* (1985).



million square metres of floor space. There are 158 1st Rank (3,000 square metres or more) stores in Tokyo (*Tōkyōto Rōdō Keizai Kyoku*, 1988). Any small group of respondents is unlikely to be familiar with all 158 stores.

While it would have been possible to use Tokyo as the subject area, it is unlikely that the results obtained would have had the clarity achieved by using other cities. Smaller cities provided the option of well defined shopping areas of manageable size, with which local consumers had greater general familiarity. Tokyo would have been the cheaper option in terms of survey costs, but carried the risk of losing a degree of quality from the research results.

In addition to this, a large proportion of Japanese commercial and journalistic market research is carried out in Tokyo. In the course of this research, reviews of 92 surveys were read in 1984 to 1989 issues of '*Seikatsusha Jōhō*', a quarterly review of private and public market research reports (published by Japan Management Association [日本能率協会]). Of these 55 (60%) used samples drawn from the Tokyo region either exclusively or as the majority of the sample. These reviews only related to aspects of consumer behaviour, and do not constitute a random sample, but they do indicate the high overall proportion of Japanese market research which concentrates on Tokyo.

With the research being undertaken from a base in Tokyo, the geographical boundaries of the study were set by financial limitations more than any other factor. With this in mind, 25 cities within a 300 kilometre radius of Tokyo were considered for inclusion in the study. These are shown in figure 7.1, and basic statistics for the cities are given in table 7.1. In order to undertake a reasonable number of interviews with a cross section of consumers, a set of four cities were chosen for the study. The choice of these cities was made using a large volume of data, and bearing in mind the following criteria:

- (1) The city should have a distinguishable group of large retail stores. These stores should be noticeably prosperous and not suffering from local recession or any other decline in fortunes. A mixture of large retail store types was also desirable. Cities were judged according to this criteria by reference to the listing of 1st Rank stores (*MITI*, 1987b), city maps, local retail sales figures and other commercial results (*MITI*, 1983b: 1986:

TABLE 7.2

STATISTICAL SUMMARY OF THE FOUR SUBJECT CITIES

	NAGOYA	YOKOHAMA	MITO	NAGANO
Area (km <sup>2</sup> )	328	431	146	404
Population ('85)	2,116,381	2,992,926	228,985	336,973
Commercial population <sup>a</sup>	2,761,228	3,051,442	414,860	363,655
Net Migration ('87)	-1,049	+38,638	-387	-288
No. of households ('87)	746,467	1,093,573	77,452	105,904
Ind'l Sector Ratios (%)('85)	1:33:66	1:35:63	6:21:73	12:29:59
Retail Sales (¥ mill.'85)	2,509,755	8,022,693	315,919	328,525
Sales change 85/82	13.2	12.6	14.4	6.4
Per capita retail sales (¥)	1,185,871	2,680,551	1,379,649	974,929
No.retail Outlets ('85)	32,229	27,772	3,270	4,160
1st Rank Outlets ('87)	42	74	18	19
2nd Rank Outlets ('88)	227	211	34	50
Change in store Nos. 85/82	-2,009	-1,178	-253	-274
No. of cars regist'd ('86)	841,123	797,596	97,641	118,301

<sup>a</sup> Commercial population (*Shōgyō Jinkō* in Japanese) is a measure of the retail strength of the city relative to other cities in the same prefecture. It is a commonly used statistic in Japan. It is calculated as follows:

Commercial Population=

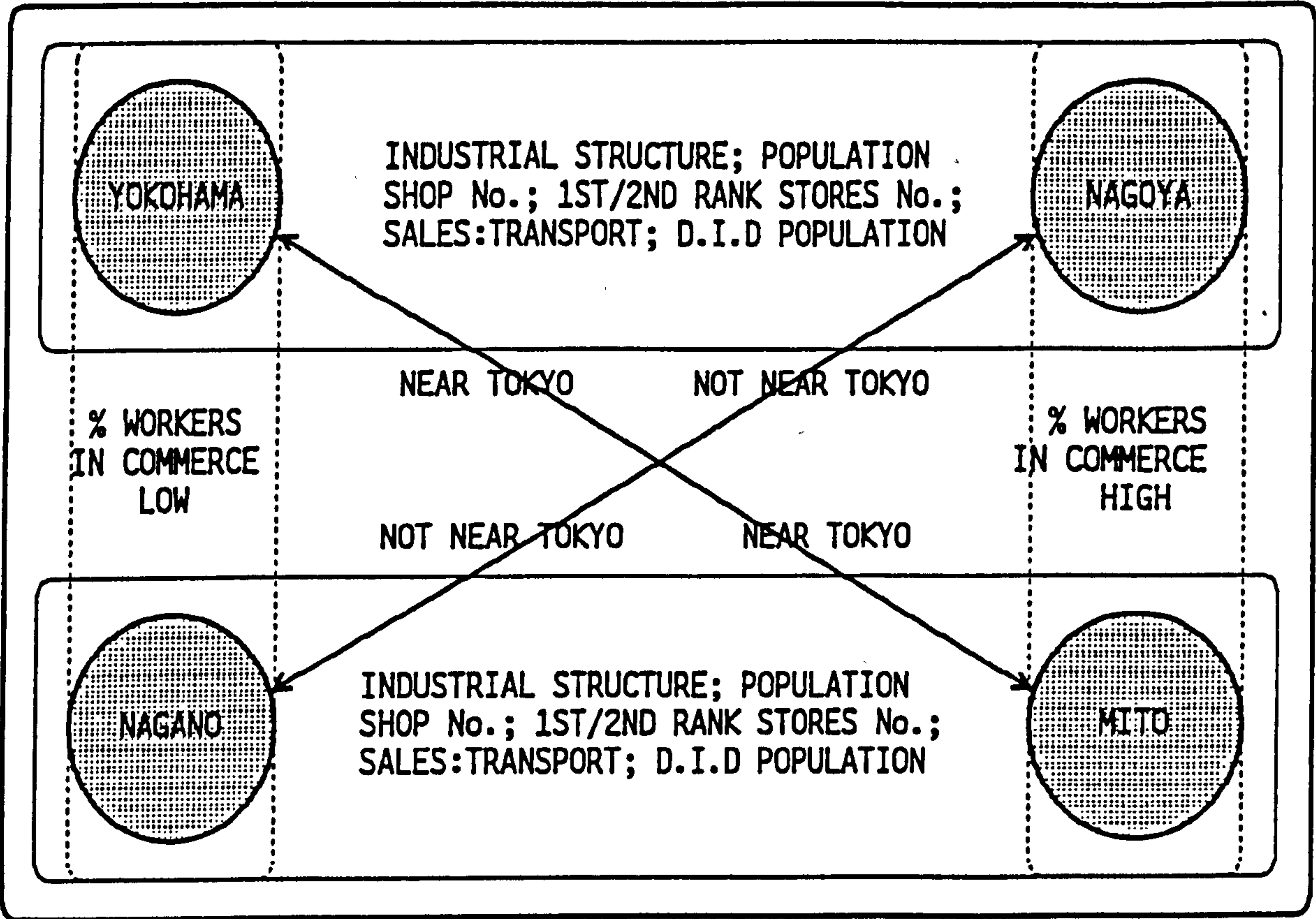
$$\left( \frac{\text{Per capita retail sales city A}}{\text{Per capita retail sales in prefecture}} \right) \times \text{City Population}$$

Sources: *Asahi Shinbunsha* (1988), *MITI* (1989b), *Kyōikusha* (1988).



FIGURE 7.2

CONTRASTS AND SIMILARITIES AMONG SUBJECT CITIES.



ALL PREFECTURAL CAPITALS

1987a: 1987b; *Asahi Shinbunsha*, 1988; *Kyōikusha*, 1987: 1988).

- (2) As far as possible, a subject city should be a major, first order centre, and not the satellite of another city. The cities should be autonomous retail and commercial centres for a fairly large geographical area. No city in Japan is totally free of Tokyo's influence, but the subject cities should have a retail structure strong enough to maintain a recognisable independence. The geographical location of each city was considered along with the number of large stores located there, and the overall retail sales volume. In addition, prefectural capitals were preferred. *Asahi Shinbunsha* (1988) data for ratios of daytime to night-time were also noted, as these give some indication as to the opportunity for shopping activity in the city.
- (3) The four cities should each have individual and contrasting characteristics in terms of population size and structure, industrial structure, transport system and retail mix. At the same time, similarities between the subject cities allow comparisons to be made between two similar centres. Once the 25 cities were reduced to a suitable number using the two above criteria, the final four cities were chosen on this basis.

Four cities were finally settled upon for the purposes of the interview stage of the research, with the intention to include them in the questionnaire stage later on. These were Nagoya, Yokohama, Mito and Nagano. The four complement each other well, and provide a number of possibilities for contrast and comparison. Table 7.2 gives a detailed statistical comparison of the chosen cities, and possible points of contrast and similarity are illustrated in figure 7.2 (*Larke*, 1989a). Each of the four cities will be briefly described below, along with reasons for its eventual choice. All four are prefectural capitals.

#### A. NAGOYA [名古屋市]

In order to obtain a suitable contrast of city sizes, at least one large city was required. Excluding the 23 Tokyo wards, there are only seven cities in the chosen research area with populations of 500,000 or more (see figure 7.1). These are Sendai, Chiba, Funabashi, Kawasaki, Yokohama, Hamamatsu and Nagoya, all of which are included in table 7.1. Of the seven, only Sendai, Hamamatsu and Nagoya are more than 40 kilometres from Tokyo.

Nagoya presents a good choice for study. It has a variety of large retail stores in two large shopping areas. It was the observation of the apparent



FIGURE 7.3

NAGOYA CITY CENTRE

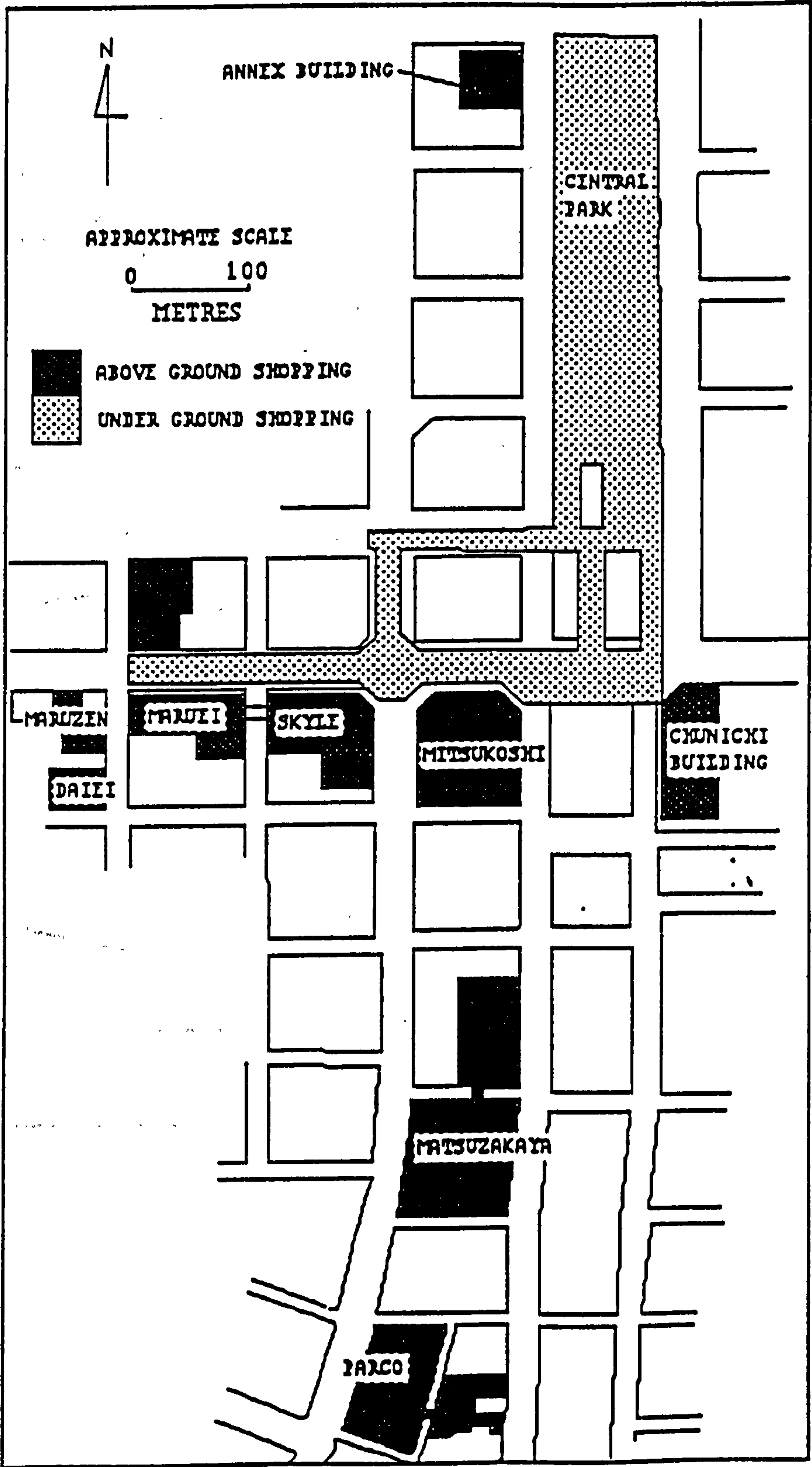
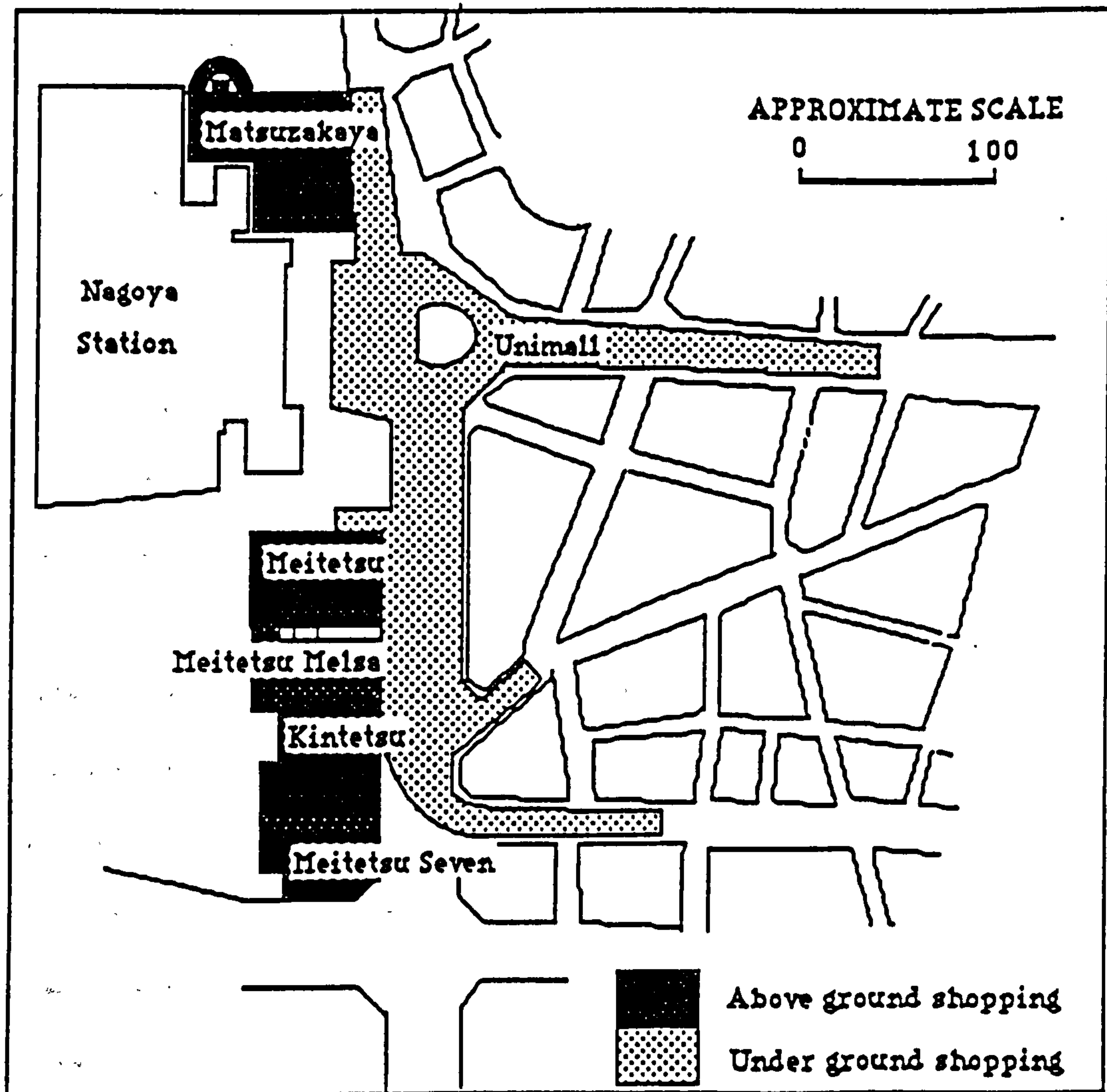


FIGURE 7.4

NAGOYA STATION SHOPPING AREA





hierarchical preferences for large stores by consumers in Nagoya that led to the original motivation for the research. Selecting Nagoya provides the opportunity to investigate these ideas on a more objective basis.

Despite its size, Nagoya has a very 'provincial' atmosphere, more akin to the smaller cities of Mito and Nagano than Tokyo, Yokohama or Osaka. Although it has a long history, being a key centre in the 16th and 17th centuries and during the Tokugawa period (1600-1868), and although it is now the fourth largest city in Japan, it is considered rather insular and very conservative, both by non-residents and residents alike. This allows a degree of comparison to be made with the other provincial cities, Mito and Nagano.

Nagoya had some 42 1st Rank retail stores in 1987 (MITI, 1987b: pp.230-236). In addition, there were 227 2nd Rank stores (Aichi Kenchō, 1988), but the 1st Rank stores alone were sufficient for study purposes.

The majority of 1st Rank stores are concentrated in two areas. The largest shopping area is the Sakae [栄] in the city centre (figure 7.3). Two kilometres west is a second area, Meieki [名駅], at Nagoya station (figure 7.4). Both areas have a number of large store types with department stores being the most prominent in each.

In Sakae, within a radius of three hundred metres, there are three major department stores - Matsuzakaya, Mitsukoshi and Maruei, four large fashion buildings - Nova, Skyle, Melsa, and the Annex, and one Daiei. There are several other medium sized chain stores in the area. <sup>(2)</sup> The Nagoya Station area includes Matsuzakaya, Meitetsu and Kintetsu department stores, and Meitetsu *Seibun* and Melsa fashion buildings.

Key characteristics of both areas are extensive underground shopping complexes that link into the city's subway system. The main underground malls are Central Park in Sakae and *Yunimōru* at Nagoya Station. The former of these includes 241 restaurants and speciality stores along one and a half kilometres of underground shopping mall. <sup>(3)</sup>

Mitsukoshi and Meitetsu department stores both have branches in the suburbs

FIGURE 7.5

STORE LIST PREPARED FOR INTERVIEWS IN NAGOYA

DEPARTMENT STORES		
1. Mitsukoshi	- Sakae	栄
2. Mitsukoshi	- Hoshigaoka	星ヶ丘
3. Matsuzakaya	- Sakae	栄
4. Matsuzakaya	- Meieki	名駅
5. Meitetsu Hyakkaten	- Meieki	名駅
6. Meitetsu Hyakkaten	- Jingu-mae	神宮前
7. Kintetsu	- Meieki	名駅
8. Maruei	- Sakae	栄
FASHION BUILDINGS		
9. Meitetsu Melsa	- Meieki	名駅
10. Meitetsu Melsa	- Sakae	栄
11. Meitetsu Sebum	- Sakae	栄
12. ANNEX Building	- Sakae	栄
13. Maruei Skyle	- Sakae	栄
14. NOVA	- Sakae	栄
SHOPPING CENTRES		
15. Central Park	- Sakae	栄
16. Hello 2	- Issha	一社
SUPERSTORES AND LARGE SUPERMARKETS		
17. Daiei	- Sakae	栄
18. Daiei	- Nariko, Tenpaku-ku	鳴子、天白区
19. Daiei	- Sharpia, Showa-ku	昭和区
20. Daiei	- Imaike	今池
21. Daiei	- Daitō Oribekku, Kita-ku	北区
22. Uny	- Imaike	今池
23. Uny	- Asahi, Chikusa-ku	千種区
24. Uny	- Ōzone	大曽根
25. Uny	- Kurokawa	黒川
26. Uny	- Nakamura-ku	中村区
27. Uny	- Hachikuma, Nakagawa-ku	八熊、中川区
28. Uny	- Meikō, Minato-ku	名港、港区
29. Uny	- Kasadera, Minami-ku	笠寺、南区
30. Uny	- Aratama, Minami-ku	新瑞、南区
31. Uny	- Shibata, Minami-ku	柴田、南区
32. Uny	- Moriyama	守山
33. Uny	- Sakurayama	桜山
34. Seiyū	- Takabari, Meitō-ku	高針、名東区
35. Seiyū	- Gokisō	御器所
36. Shimizuya	- Moriyama-ku	守山区
37. Jusco	- Ōtori, Nakamura-ku	大鳥、中村区
38. Jusco	- Furukawa, Showa-ku	古川、昭和区
39. Jusco	- Daiyamondo-Shiti, Nishi-ku	西区
OTHER STORES		
40. Apita	- Meieki	名駅
41. Apita	- Midori-ku	緑区
42. Tokyū Hands	- Sakae	栄



of the city where the majority of large GMS's are also found. Several major GMS chains are represented in Nagoya, but there were no branches of Ito-Yokado or Nichii at the time of the survey. Nagoya is the home city of Uny, Japan's sixth largest GMS chain, and their stores are conspicuously numerous.

A full list of the 42 1st Rank stores used for interviews in Nagoya is given in figure 7.5.

## B. YOKOHAMA

Yokohama is the largest city in the survey, and, with a population of 2.9 million people, it is the third largest city in Japan. It was decided to include Yokohama and Nagoya together for purposes of comparison.

As may have been noted from table 7.1, however, Yokohama is very close to Tokyo, being only 31 kilometres south of the capital. In addition to this, the daytime to night-time population ratio is only 89%, indicating a net outflow of people during daylight hours. Presumably, this represents a large number of people travelling to Tokyo to work. The people working outside the city are likely to conduct a significant proportion of their shopping activity way from Yokohama. For these reasons, there was some worry over including Yokohama due to the possible overwhelming influence of the adjoining capital.

On the other hand, of the remaining six cities of 500,000 people or more (see above), only Yokohama is suitable for comparison with Nagoya. The others are either too small, or equally too near to Tokyo to allow suitable comparisons. The size of Yokohama makes the city independent from Tokyo in terms of shopping facilities. It has a concentrated central shopping area which attracts shoppers from outside the city.

Yokohama is spread over a large area of 430 square kilometres, but has only one main concentration of large stores. These are clustered around the central station (see figure 7.6). In addition to these, there are a significant number of large stores and shopping centres spread into the suburbs. In total, Yokohama

FIGURE 7.6

YOKOHAMA CENTRAL STATION SHOPPING AREA

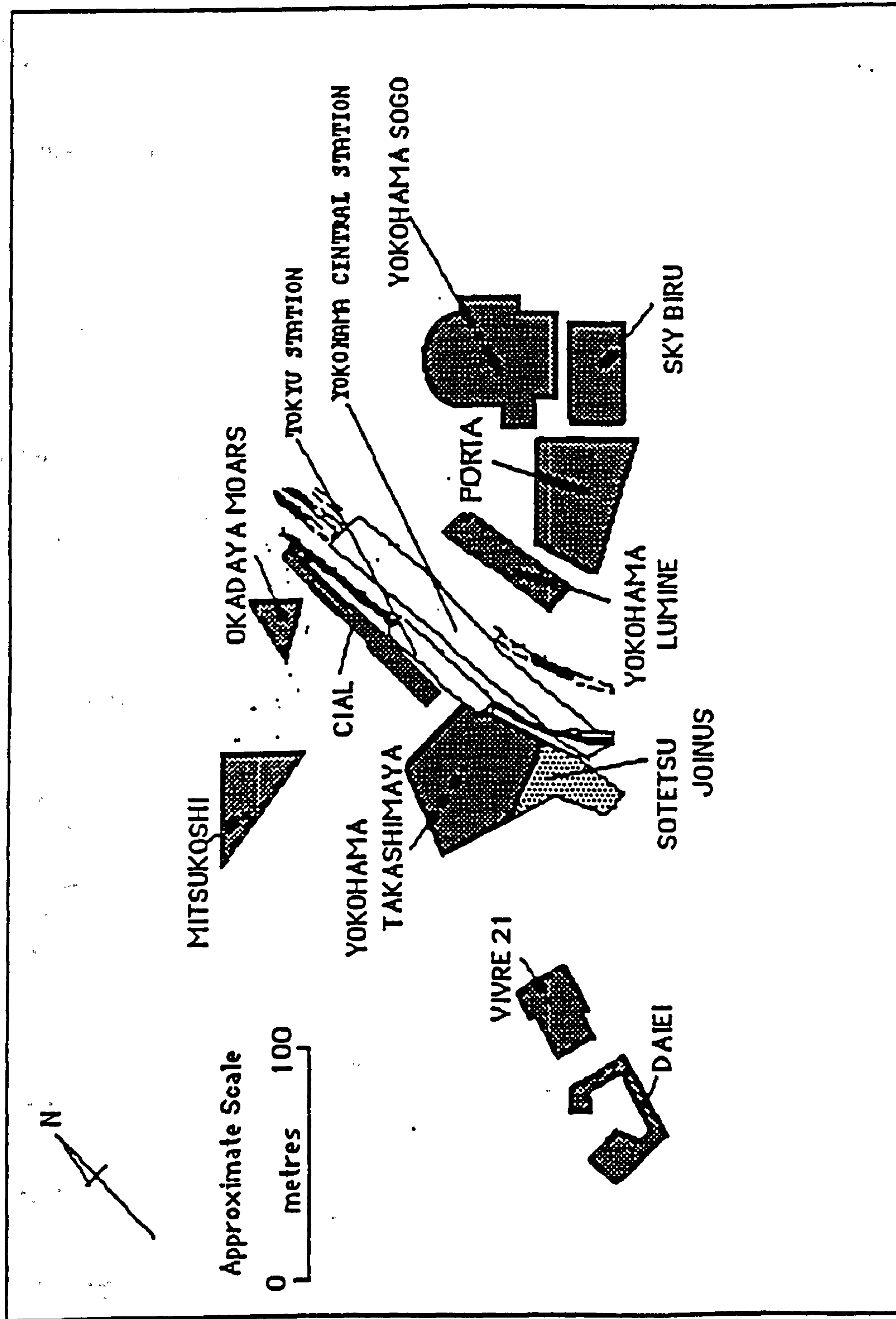




FIGURE 7.6

YOKOHAMA CENTRAL STATION SHOPPING AREA

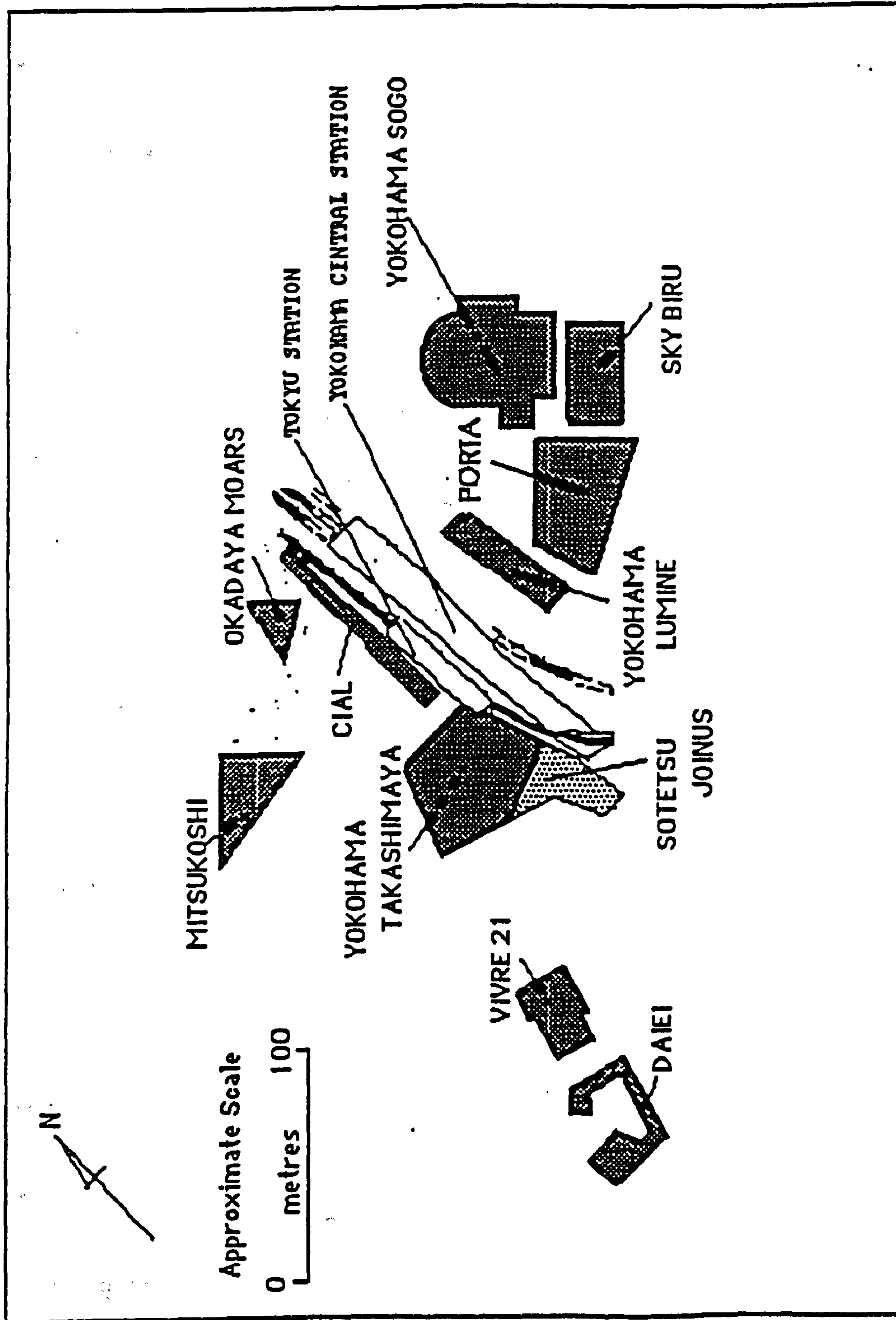


FIGURE 7.7

STORE LIST PREPARED FOR INTERVIEWS IN YOKOHAMA

Note: Due to the large number of stores in the Yokohama list, stores were listed by city ward rather than store type.

## NISHI-KU [西区]

1. Yokohama Takashimaya	- Nankō	南幸
2. Mitsukoshi	- Hokkō	北幸
3. Yokohama Sogo	- Takajima	高島
4. Za Daiyamondo Chikagai	- Nankō	南幸
5. Lumine Yokohama	- Takajima	高島
6. Vivre 21	- Nankō	南幸
7. Yokohama Okadaya Moars	- Nankō	南幸
8. Sotetsu Joinus	- Nankō	南幸
9. Sky Biru	- Takajima	高島
10. Yokohama Cial	- Nankō	南幸
11. Daiei	- Nankō	南幸

## NAKA-KU [中区]

12. Yokohama Matsuzakaya	- Isesaki	伊勢佐木
13. Marui	- Isesaki	伊勢佐木
14. Marui	- Okami-chō	尾上町
15. Daimaru Hyakkaten	- Isesaki	伊勢佐木
16. Motomachi Shopping Street	- Motomachi	元町
17. Sakuraki-chō Golden Centre	- Sakuraki-chō	桜木町
18. Yokohama Centre Biru	- Masugo-chō	真砂町
19. Keihama Sutoa	- Hinode-chō	日の出町
20. Daiei	- Cheruru Nomo	ちえるる野毛
21. Uny	- Isesaki	伊勢佐木

## MINAMI-KU [南区]

22. Maruetsu	- Idogatani-chō	井土ヶ谷町
23. Uny	- Kōmyōji	弘明寺
24. Nagasakiya	- Kōmyōji	弘明寺
25. Sotetsu Joinus	- Park Town	パークタウン

## KONAN-KU [港南区]

26. Yokohama Takashimaya	- Kōnandai Centre	港南台
27. Mitsukoshi	- Kamiōoka Sun Plaza	上大岡
28. Itō-Yōkadō	- Kamiōoka	上大岡
29. Itō-Yōkadō	- Kaminagatani	上永谷
30. Daiei	- Kamiōoka	上大岡
31. Daiei	- Kōnandai	港南台
32. Nagasakiya	- Uedaoka-nishi	上大岡西
33. Keihama	- Keikyū Uedaoka Ekibiru	京急上大岡駅

## HODOGAYA-KU [保土ヶ谷区]

34. Nichii	- Tennō	天王
------------	---------	----

## TSURUMI-KU [鶴見区]

35. Tsurumi Eki Biru	- Tsurumi Chūō	鶴見中央
36. Taharaya		
37. Seiyū	- Toyooka, Tsurumi Fūga	豊岡、鶴見
38. Daiei	- Shoppers Plaza	
39. Nagasakiya		

continued/.



FIGURE 7.7 continued/.

KANAGAWA-KU [神奈川区]		
40. Nichii	- Higashi-Kanagawa	東神奈川
41. Uny	- Ōguchi	大口
42. Sōtetsu Rōzen	- Ōguchi	大口
ASAHI-KU [旭区]		
43. Itō-Yōkadō	- Kibōgaoka	希望ヶ丘
44. Itō-Yōkadō	- Wakabadai	若葉台
45. Itō-Yōkadō	- Tsurugamine	鶴ヶ峰
46. Seiyū	- Kibōgaoka	希望ヶ丘
47. Seiyū	- Tsurugamine	鶴ヶ峰
48. Seiyū	- Futamatagawa	二俣川
49. Maruetsu	- Tsurugamine	鶴ヶ峰
50. Sōtetsu Rōzen	- Futamatagawa	二俣川
KANAZAWA-KU [金沢区]		
51. Jusco	- Narabiki	並木
52. Tōkyū Sutoa	- Narabiki	並木
53. Uny	- Bazaar Kanazawa Bunko	金沢文庫
KOHOKU-KU [港北区]		
54. Uny	- Amijima	網島
55. Uny	- Hiyoshi	日吉
56. Itō-Yōkadō	- Amijima-nishi	網島西
MIDORI-KU [緑区]		
57. Tōkyū Hyakkaten	- Tama Plaza	多摩プラザ
58. Maruetsu	- Nagatsuta	長津田
59. Maruetsu	- Nakayama	中山
60. Chūjitsuya	- Kamoi	鴨居
61. Chūjitsuya	- Tōkai Ichiba	十日市場
62. Seiyū	- Ichigao	市ヶ尾
63. Uny	- Nakayama	中山
64. Itō-Yōkadō	- Utsukushigaoka	美ヶ丘
TOTSUKA-KU [戸塚区]		
65. Daiei	- Totsuka	戸塚
66. Seiyū	- Totsuka	戸塚
67. Marui	- Totsuka-chō	戸塚町
68. Uny	- Kamikurata-chō	上倉田町
SAKAE-KU [栄区]		
69. Nichii	- Ōfuna	大船
70. Itō-Yōkadō	- Kamizato-chō	上郷町
SETANI-KU [瀬谷区]		
71. Chūjitsuya	- Mikkyō	三ッ境
72. Sōtetsu Rōzen	- Mikkyō	三ッ境
73. Seiyū	- Setani	瀬谷
74. Maruetsu	- Futatsubashi	二ッ橋

had 74 1st Rank retail stores and 211 2nd Rank stores in 1987 (*Kanagawa Kenchō*, 1988, p.2). The large number of 1st Rank stores presented problems in that different interview groups were aware of very different large stores. For this reason, the interviews concentrated on city centre stores with the inclusion of only one or two suburban GMS branches in each. Only 1st Rank stores were used, and the full list of these is given in figure 7.7.

Unlike Nagoya, a major part of the transport system is operated by privately owned railways. In addition, a large proportion of the rail network in Yokohama runs above the surface rather than underground.

The central station area has a series of enclosed shopping buildings, including three department stores, two shopping malls, and three fashion buildings (see figure 7.6). The range of facilities available in such a concentrated area make the extra journey into Tokyo unnecessary. Many shoppers travel to shop in Yokohama from the south of the prefecture, giving Yokohama a separate clientele from those nearer Tokyo, and this helps to legitimise the choice of the city for inclusion in the study.

The station branch of the Yokohama Takashimaya department store resembles Nagoya's Matsuzakaya in that it has a reputation of being a very traditional, prestigious store. The store's main competitor is Yokohama Sogo, which is located just across the rail lines. Yokohama people are very aware, and are quite proud of the fact that the Sogo store is one of the largest in South East Asia, with a sales floor space of 68,413 square metres (*Kanagawa Kenchō*, 1988: p. 29).

After careful consideration, it was decided that the proximity of Yokohama to Tokyo was probably not a problem. The opinions elicited during the interviews suggested that this was the case.

## C. MITO

Mito was the smallest city chosen, but by no means the most agricultural.



73% of Mito's workforce are employed in the tertiary sector (*Asahi Shinbunsha*, 1988: p.92) with around 30% in retailing and wholesaling (*Sōrifu Tōkeikyoku*, 1982). Mito boasts a large wholesale market for fresh produce which accounts for a large number of these workers.

The city is relatively close to Tokyo - only 120 kilometres away, but it is not on a main *Shinkansen* ('bullet train') route, and the fastest journey time to Tokyo was one hour fifteen minutes in 1988 (*Nihon Kōtsū Kōsha*, 1988: p.176). It is close enough to Tokyo to draw shoppers on occasional trips, and this was mentioned in the interviews, but such trips would be too infrequent to suggest any major influence from the capital.

There are only eighteen 1st Rank large stores in the city, and 34 2nd Rank stores (*Ibaragi Kenchō*, 1988). The list of stores used in the interview survey is given in figure 7.8. The former are concentrated along a single road running for two kilometres west from the central station. Four large stores are clustered around the station. These are Seibu, Marui, Takashimaya Roseland and Excel. Another six, Suntopia, Uny, Taharaya, Daiei, Isejin and Mito Keisei are dotted along the single main street (see figure 7.9).

Within this group of ten centrally located stores, the two furthest away from the station are the two local department stores - Mito Keisei and Isejin. The latter is now part of Jusco Group. In the traditional sense, these were the only regional department stores encountered in the study overall. Maruei (Nagoya) is a local store, but easily rivals its larger neighbours in terms of merchandise, store layout and display. The last remaining local department store in the fourth city, Nagano (below), is now a part of the Sogo chain of stores.

Isejin and Mito Keisei are very different. Both give the impression of expensive branches of GMS chains rather than department stores. The stores' interiors are notably cramped and rather shabby, and the type of displays used are of a poorer quality and design than those used in metropolitan stores. At the time of the survey, Mito Keisei was a little more advanced than Isejin, with well presented confectionary and cosmetics displays on the lower floors.

FIGURE 7.8

STORE LIST PREPARED FOR INTERVIEWS IN MITO

Note: Chain stores under 1500m<sup>2</sup> were also included because of the low number of stores.

## DEPARTMENT STORES

1. <i>Marui</i>	- <i>Eki-mae</i>	駅前
2. <i>Isejin</i>	- <i>Izumi-chō</i>	泉町
3. <i>Mito Keisei</i>	- <i>Izumi-chō</i>	泉町
4. <i>Seibu Hyakkaten</i>	- <i>Eki-mae</i>	駅前

## FASHION BUILDINGS

5. <i>Takashimaya Roseland</i>	- <i>Eki-mae</i>	駅前
6. <i>Suntopia Mito</i>		
7. <i>EXCEL Mito Ekibiru</i>	- <i>Mito Eki</i>	水戸駅

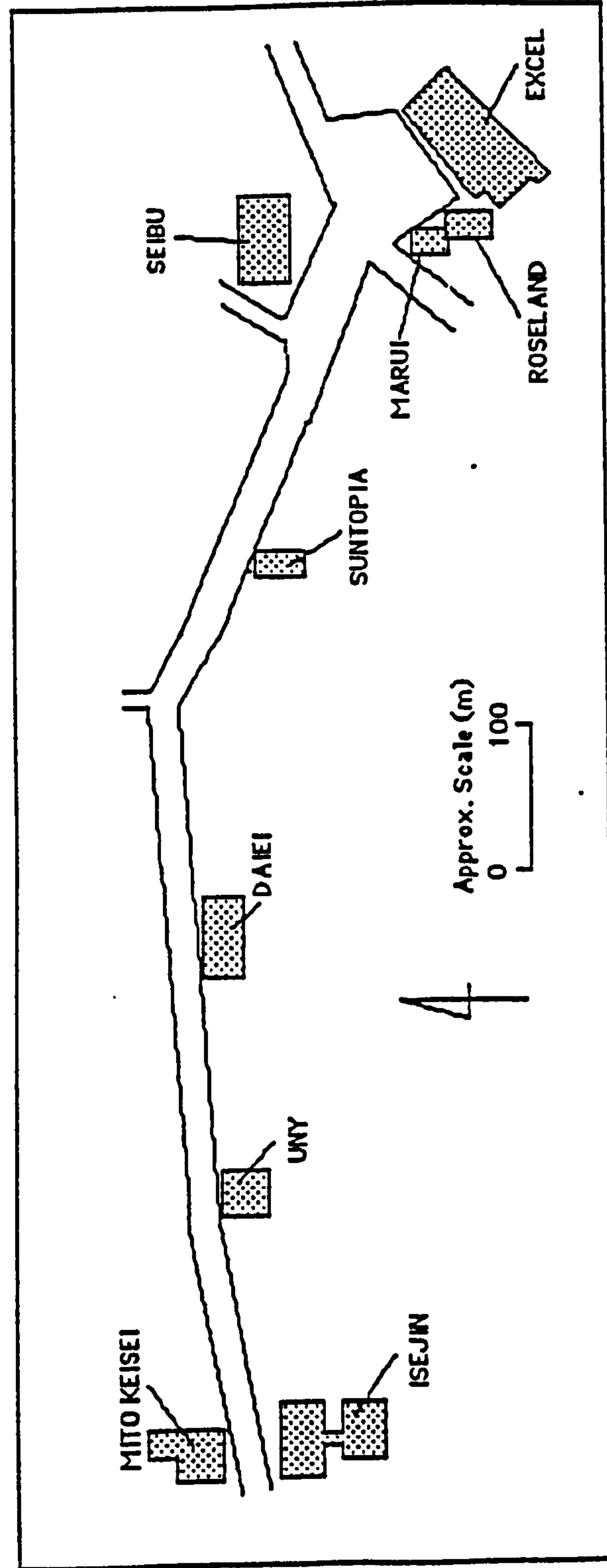
## SUPERSTORES AND LARGE SUPERMARKETS

8. <i>Daiei</i>		
9. <i>Taharaya</i>		
10. <i>Uny</i>		
11. <i>Jusco</i>	- <i>Ishikawa Shopping Centre</i>	石川
12. <i>Isejin</i>	- <i>Iden Shopping Centre</i>	井傳
13. <i>Isejin</i>	- <i>Putabadaï Chiku centre</i>	双葉台
14. <i>Isejin</i>	- <i>Watasato</i>	若郷
15. <i>Isejin</i>	- <i>Motoyoshida</i>	元吉田
16. <i>Isejin</i>	- <i>Chinami</i>	千波
17. <i>Isejin</i>	- <i>Shitaichi</i>	下市
18. <i>Nagasakiya</i>		
19. <i>Tsurumiya</i>		



FIGURE 7.9

MITO TOWN CENTRE



This is not to say that all of the stores in Mito have a 'provincial' feel. Marui and Takashimaya Roseland, both fashion buildings, have a less sophisticated layout compared to their Tokyo counterparts, but carry a number of fashion brands which can be found in fashion buildings all over Japan.

The 'Seibu' department store<sup>(4)</sup> had only recently undergone major refurbishing, and would have rivalled a similar store nearer Tokyo in terms of design and standard of merchandise. This store now has a sales floor space of 14,584 square metres. A possible incentive for this refurbishing could have been the opening of the new Excel Station Building in 1985. This is an impressive multi-tenant fashion building located directly above Mito Station. It carries many national brands and a number of tenant restaurants. This is a typical example of Japanese use of space above main stations for regional development based on retailing. Excel appears well frequented, and attracts customers and commuters from the nearby industrial city of Hitachi.

Branches of the major GMS chains Uny and Daiei play a very different role in Mito to that in Nagoya and Yokohama. This is also true of Daiei and Ito-Yokado stores in Nagano. They are located in the city centre, and due to the relative lack of large scale retailing in the city overall, in terms of merchandise they command a position in the retail hierarchy that is at least on par with the local department stores. They sell basically similar goods, but, through their better access to a wide range of merchandise in a larger volume, are able to offer lower prices should they wish, and source goods from further afield.

In these smaller urban centres where there are fewer large department stores, branches of the large retail conglomerates have relatively more competitive power. This makes them more prominent in the local retail environment, and it may be that perceptions of these stores by consumers will differ in Mito and Nagano when compared with Nagoya and Yokohama. This issue is dealt with in the following chapter in considering hypothesis H3 presented at the end of chapter 6 (see section 8.9.4).



## D. NAGANO

2

Nagano is a medium sized city of 336,000 people. It has the largest farming community of the four cities in the study, with 12% of the workforce employed in agriculture (*Asahi Shinbunsha*, 1988: p.102). This provides a useful contrast to the other cities. Nagano is also the most isolated of the four cities chosen. Although only 221 kilometres north of Tokyo, transport links with the city are less advanced than between Tokyo and Nagoya for example. While Nagoya is 336 kilometres south of Tokyo and can be reached in a journey time of 1 hour 50 minutes, the rail links with Nagano are hampered by steep, mountainous countryside, making for a journey time of at least 2 hours 45 minutes. Occasional shopping trips to Tokyo are less likely than in the case of the other three cities.

The retail infrastructure in the city is limited, but adequate for the city itself. There are only two large department stores, but Daiei and Ito-Yokado both have large branches near the city centre.

The retail centre is, again, the station area (figure 7.10). The largest department store in the city, Tokyu Department Store, is located there, and this has a small, but well designed fashion building type annex. There are two other large fashion buildings in the same area, Midori Station Building, and C-1 - which is operated by Ito-Yokado.

Moving away from the station, there is one more large fashion building - Hayashibe Walk (which is linked to the Seibu Saison Group), a Nagasakiya discount store, and a large Daiei. The old, local department store near Daiei is now part of the Sogo chain of stores, and is now named Nagano Sogo.

The Ito-Yokado store is further away from the station, but located on the one underground line. This store has been refurbished and conspicuously resembles a department store in terms of merchandise and price range. The interviewees also suggested that this store resembled a department store in terms of 'quality' of merchandise. It is neither a mass merchandise store nor a

FIGURE 7.10

NAGANO CITY CENTRE SHOPPING AREA

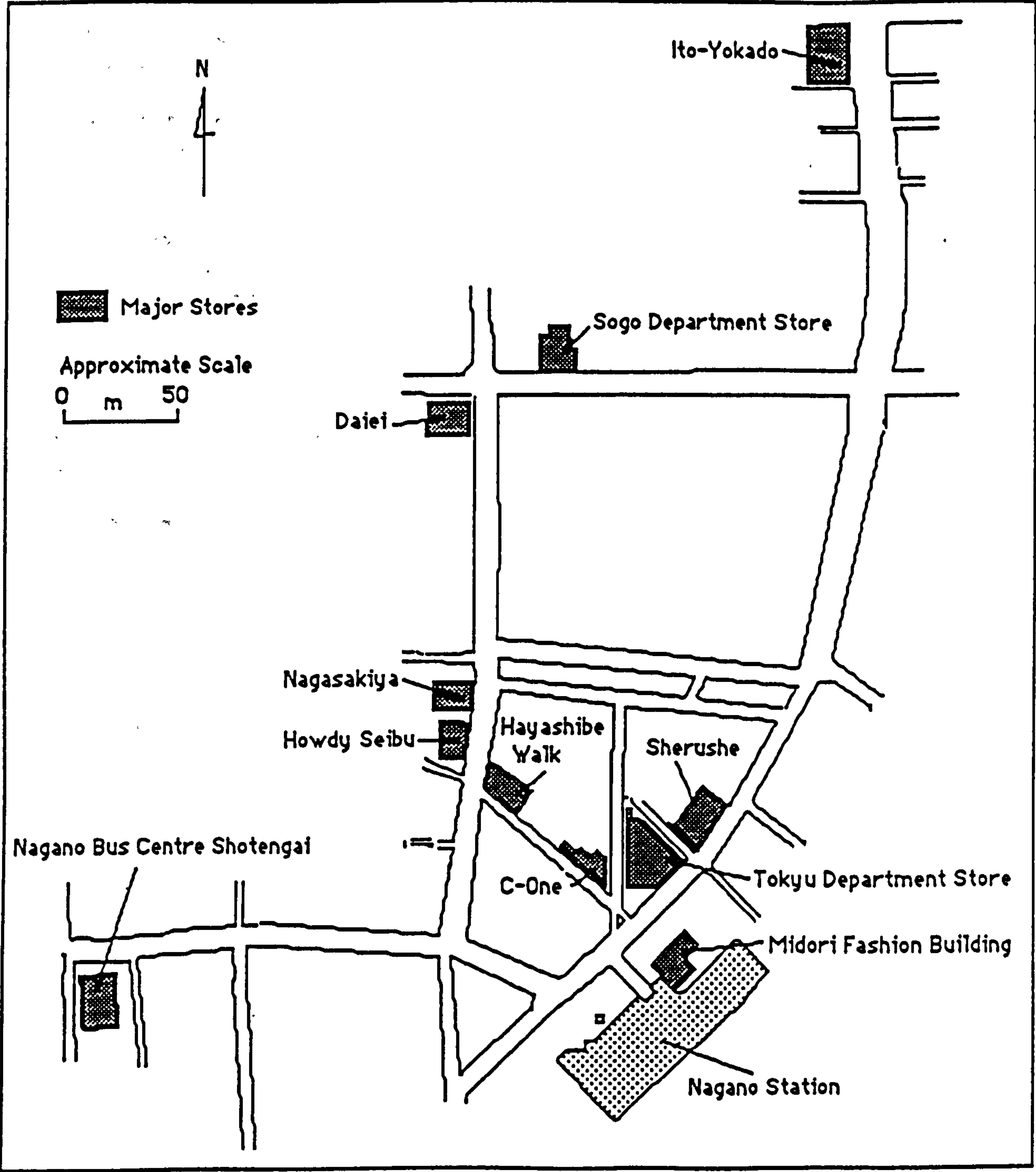




FIGURE 7.11

STORE LIST PREPARED FOR INTERVIEWS IN NAGANO

Note: Chain stores under 1500m<sup>2</sup> were also included because of the low number of stores.

## DEPARTMENT STORES

1. Nagano Sogō
2. Nagano Tōkyū Hyakkaten

## FASHION AND SHOPPING BUILDINGS

- |                               |                |      |
|-------------------------------|----------------|------|
| 3. Walk Hayashibe             |                |      |
| 4. Nagano Bus Terminal Kaikan |                |      |
| 5. Maitown C-1                | - Eki-mae      | 駅前   |
| 6. Fashion Station Midori     | - Eki-biru     | 駅ビル  |
| 7. Sherushe                   | - Tōkyū Bekkan | 東急別館 |

## SUPERSTORES AND SUPERMARKETS

- |                    |                            |        |
|--------------------|----------------------------|--------|
| 8. Iseya Joy House | - Wakatsuki                | 若槻     |
| 9. Iseya Joy House | - Kawanakajima             | 川中島    |
| 10. Itō-Yōkadō     | - Tsuruka                  | 鶴賀     |
| 11. Shinshū Jusco  | - Shinonoi SC              | 篠ノ井    |
| 12. Shinshū Jusco  | - Miwa                     | 三輪     |
| 13. Jusco Shinshū  | - Higashi Wada             | 東和田    |
| 14. Jusco Shinshū  | - Kitajooki                | 北条沖    |
| 15. Sūpā Kurosaki  | - Uki, Sanrin              | 宇木、三輪  |
| 16. Sūpā Kurosaki  | - Ōname                    | 大豆     |
| 17. Sūpā Kurosaki  | - Hahabukuro               | 母袋     |
| 18. Sūpā Kurosaki  | - Yanagibara               | 柳原     |
| 19. Sūpā Kurosaki  | - Yoshida                  | 吉田     |
| 20. Daiei          | - Arata-chō                | 新田町    |
| 21. Nagasakiya     | - Kita-Ishidō, Eki-mae     | 北石堂町   |
| 22. Howdy Seibu    | - Ishidō                   | 石堂     |
| 23. Nagano Seiyū   | - Isemya                   | 伊勢宮    |
| 24. Nagano Seiyū   | - Kawanakajima-chō         | 川中島町   |
| 25. Nagano Seiyū   | - Shinonoi                 | 篠ノ井    |
| 26. Nagano Seiyū   | - Shiroyama                | 城山     |
| 27. Nagano Seiyū   | - Nishitsuruga             | 西鶴賀    |
| 28. Nagano Seiyū   | - Higashi Nagano           | 東長野    |
| 29. Nagano Seiyū   | - Matsushiro               | 松代     |
| 30. Nagano Seiyū   | - Wakasato                 | 若里     |
| 31. Nagano Seiyū   | - Wakatsuki                | 若槻     |
| 32. Matsuden Sutoā | - Arata                    | 新田     |
| 33. Matsuden Sutoā | - Serita                   | 芹田     |
| 34. Matsuden Sutoā | - Ameyoko Aozora, Wada     | アメ横、和田 |
| 35. Matsuden Sutoā | - Aokijima                 | 青木島    |
| 36. Matsuden Sutoā | - Kita-Ishidō (Nagasakiya) | 北石堂    |
| 37. Matsuden Sutoā | - Yashikida                | 屋敷田    |
| 38. Matsuden Sutoā | - Yasumosato               | 安茂里    |
| 39. Matsuya Nagano | - Shinonoi                 | 篠ノ井    |
| 40. Matsuya Nagano | - Yoshida                  | 吉田     |
| 41. Matsuya Nagano | - Miwa                     | 三輪     |
| 42. Matsuya Nagano | - Matsushiro               | 松代     |
| 43. Matsuya Nagano | - Uematsu                  | 上松     |
| 44. Matsuya Nagano | - Kawanakajima             | 川中島    |

continued/.

FIGURE 7.11 continued/.

45. Matsuya Nagano	- Wakasato	若里
46. Matsuya Nagano	- Aokijima	青木島
OTHER STORES		
47. Maru-I	- Kawanakjima	川中島
48. Kēyō DIY	- Kawanakjima	川中島



### 7.3 CHOICE OF RESPONDENTS

For simplicity, and in order to obtain the most detailed and relevant observations concerning the subject stores, a cross section of active Japanese shoppers was required. As described below, these were interviewed in groups of between two and four members, with three being considered the most suitable number wherever possible.

No attempt was made to obtain any kind of probability sample. This in no way effected the relevance of the observations obtained during the interviews. Respondents proved knowledgeable and frequent users of the subject stores, and provided valid insight into their store perceptions. The possibility of the sample having a degree of bias was recognised, and greater care was taken over interpreting the results. As it allows a more indepth and precise investigation into the subject area, sampling the 'right' people, rather than 'average' people, is common for this type of focus group interview. <sup>(5)</sup>

Five general consumer types were identified. In each of the four cities detailed above, one group from each consumer type was chosen and an interview conducted. This gave an original aim of 20 interviews in total ( $4 \times 5$ ); with three respondents in each group, a total of 60 respondents. Time and financial constraints meant that more than one interview of each consumer group was not possible, but the volume of data produced was still substantial. In addition, the interview data showed considerable depth of perception, and provides the core of the analysis given in the following chapter.

The five consumer types were chosen in an arbitrary manner. This was done for simplicity, and to allow easy access to specific groups of consumers. On the other hand, each type represents a clearly observable group of Japanese consumers. The groups chosen are described below.

### 7.3.1 HIGH SCHOOL STUDENTS

Japanese compulsory education ends at the age of 15, but some 95% of all junior high school graduates attend full-time high school between the ages of 15 and 18 (*Somuchō*, 1988: p.273).

The high school student market is important for its size, its spending power and influence, and, it is said, for its consumer attitudes (Larke, 1990). There were 7.8 million Japanese of high school age in 1987 (*Somuchō*, 1988: p.16). This represents a concentration of around 7% of the population within a three year age range. The whole group between the ages of 15 and 20 are known as the Second Baby-boom Generation or '*Dankai Junia*' [団塊ジュニア]. The size of this market, and its emergence at the height of Japan's development as a consumer nation, has made them a unique target for Japanese marketers, and there is a growing literature relating to this generation (Larke, 1990; *Ōhashi*, 1988; *RICE*, 1988: pp.92-118; *Suzuki*, Y. 1988; *Takahashi*, 1988; *Tsujinaka*, 1989a: 1989b).

As shoppers they have relatively more time to browse around stores - one of the group's favourite pastimes. Although the majority of 18 year old boys and a proportion of girls will be working hard in preparation for university entrance examinations, shopping provides an opportunity to get away from cramped homes, homework, and misunderstanding parents. On weekdays, still in school uniform, they can be seen browsing the shops after school, and at weekends, in their best designer clothes, many hang around city shopping areas. At either time they will invariably shop in small groups.

High school students do not have the spending power of any of the older consumer groups, but they have more spending power than their predecessors (*Suzuki*, Y. 1988). Pocket money is a major incentive to study the many hours needed to cram for examinations. In addition, although it is not strictly allowed, many students take on part-time jobs outside school hours to earn more.

In a survey of 800 Tokyo high school students, *Itō* (1988) found that some 26% were doing part-time work (see table 7.3). Those that did work managed an



TABLE 7.3

SPENDING POWER OF TOKYO HIGH SCHOOL STUDENTS

(Unit: ¥)

SOURCE OF INCOME	AVERAGE	OVERALL AVERAGE
A. MONTHLY POCKET MONEY	7,000 (89.0)	6,200
B. MONTHLY 「BAITO」 MONEY	34,200 (26.7)	9,100
MONTHLY INCOME [A + B]	16,100 (95.3)	15,300
O-TOSHI-DAMA [お年玉] <sup>a</sup>	41,000 (96.7)	39,000
SAVINGS	112,000 (68.0)	76,000

Brackets: Percentage of respondents in sample applicable.  
 Note : <sup>a</sup> Money traditionally given to children at New Year.

Source: Survey of 800 people between junior high school and university age, Ito (1988).

average income of ¥34,000 (about £137) a month including earnings and pocket money. Average pocket money was ¥7,000 per month (£28). Altogether, the average high school student had a monthly income of ¥16,100 (£64). In addition to this, students in the sample averaged ¥112,000 (£448) in savings.

Tokyo tends to be far less conservative than many regional cities. For example, Nagoya is known to be especially strict with school pupils. <sup>(6)</sup> The income of Tokyo high school students is likely to be high, but it does illustrate that the group as a whole cannot be ignored by retailers and manufacturers.

High school students are known to have a high degree of interest in shops. Their relative lack of money means they often seek out the best bargains in clothes and accessories. Meeting daily with friends at school, they have their own complex information network (*Adachi et al.*, 1988; *Suzuki, Y.*1988). For 50% of girls in the survey mentioned above, a telephone conversation was not 'long' until it had gone on for an hour or more. The same survey also found that over a third of parents consult their children of high school age when planning to buy large durable goods, clothing, furniture and sometimes even new cars.

Along with their parents - the post war baby-boom generation, the new baby-boom consumers who are concentrated in Japan's high schools, are said to be unique in their spending attitudes (*Ohashi*, 1988: pp.51-56, 88-100). They have provided a lively and willing test market for many retailers (*Higurashi*, 1988). Some see the group's willingness to spend as the beginning of a totally new and unique consumer age (as argued by *Tsujinaka*, 1988; 1989), but this so called uniqueness should not be overstated. Only time will tell to what degree they will or will not take on the conservative attitudes of their parents in regard to saving and consumption (*Larke*, 1990).

It is true that high school students have a strong interest in shopping and would appear to be very knowledgeable shoppers. For this reason they make ideal subjects for investigating store perceptions.



### 7.3.2 UNIVERSITY AND COLLEGE STUDENTS

Thirty-one percent of high school graduates go on to higher education (Sōmuchi, 1988: p.273). A larger overall proportion of women (35%) than men (26%) continue after 18, but the majority of women attend two year junior colleges. More male students attend four year universities. Again, as with the high school students, the college student market is significant in terms of its size.

College students share many of the attributes of high school students in terms of shopping interest, but, relative to their immediate juniors, they have a higher income and more free time. The majority of students live at home with their parents, and most work part-time. Except for the minority who have to support themselves away from home, Japanese young people rarely contribute to their own keep while living at home, meaning that almost all the money earned from part-time work becomes disposable income (Euromonitor, 1989a; Takahashi, 1988).

Once a student has battled through the difficult college entrance examinations, the majority have an easy ride through to graduation. This leaves them with plenty of time to relax, have fun, earn pocket money, and spend it. Some students begin non-regular work with major companies well before graduation. With large contributions from their parents, many can afford cars and are able to travel abroad. They are the main consumers of Japan's sea and ski resorts.

On the other hand, high school students appear to have far more interest in simple shopping activities such as visiting stores. College students spend more money overall, but they are more concerned with larger, socially conspicuous purchases. College is the place where most Japanese first come up against the social group hierarchy that is found throughout Japanese adult society. Students are expected strictly to obey their seniors, both in class, and in clubs and societies. Recreational and semi-compulsory socialising accounts for a large proportion of their spending.

Hypothetically, college students may be less aware of stores and have less developed perceptions of stores. This may be a result of the exam pressures which they have had to suffer, or it may be to do with the new, time consuming social pressures of college. The interviews in this study hint at a lack of interest in shopping by many college students as compared with those at high school, but it is not within the scope of the study to suggest reasons why.

### 7.3.3 FEMALE OFFICE WORKERS

While this is the least well defined of the five groups, female office workers are recognised as the most important single consumer group in Japan. They are known as 'office ladies' or 'OLs'.

The OL group consists mainly of young, unmarried women, who, after completing either two or four years of higher education, have entered a company in a non-career position to work as an office clerk until they marry. The stereotype of an OL's job is one of photocopying and making cups of tea for the male employees in her office. Most companies insist that women wear some kind of uniform that often serves to distinguish them from career orientated employees. (7)

Although most British female graduates would be insulted by such menial work and the expectation to stop work either when they marry or, at the latest, when they become pregnant, it is the accepted and preferred option of many Japanese young women. This is partially due to deep social conditioning concerning the role of women in Japan, but it is not the only factor. Creighton (1988), in the appendix to her study of Japanese department stores, notes that the stores employ a number of older career women. She found that almost every one of these women had either failed to marry, or had foregone marriage in order to work. Even more striking was the attitude of the younger female employees towards these older 'career' women. Almost without exception there was a deep feeling of pity for these elder women at being unable to marry. It is clear that, for the



younger employees, marriage is far more important and fulfilling than a successful career. To have a career without marriage is seen almost as failure, and most probably a route to unhappiness.

This is the opinion of the majority of young Japanese women. For this reason, up to their mid to late twenties, the chance to spend a few years working (and, more importantly, earning) at a company, is not to be missed. Women's salaries are only a proportion of that earned by men, but whereas the men are expected to put in overtime and pull the social line, OLs usually work strictly 9 to 5, and take plenty of opportunity to spend their earnings. After the designer clothing has been bought and the disco visited, there is still enough leftover to build a nest egg for their marriage too (see Condon, 1985: pp.211-221).

As in the case of students, the majority of OLs live at home and pay no keep. Their salaries become almost entirely disposable income. They are the principal buyers of branded fashion items such as Louis Vuitton bags and Chanel cosmetics. The new and expanding overseas travel industry is led by the young female office worker. They have the money to go abroad, and, unlike their male colleagues, they have the time and the freedom from responsibility (see Pitman, 1989; Polunin, 1989).

As a consumer market their spending power is large, and this is chiefly concentrated on discretionary items (Uchimura, 1990). They are frequent visitors to large retail outlets where such items are most commonly found.

In the study, groups of unmarried working women below the age of 30 were used. In the event, all respondents from this consumer type fitted the description of OLs as given above. None claimed to be career orientated.

#### 7.3.4 MALE SALARIED WORKERS

This is the least important consumer group surveyed. Like the Japanese OL, the male salaried employee, or '*sarariman*', is another Japanese stereotype. In terms of life stage advance, there are some similarities between the two. A

young *sarariman* usually takes a keen interest in some forms of conspicuous consumption - notably clothing, cars and electronics. As mentioned in the previous chapter, however, like the OL, his consumption patterns will change drastically upon marriage.

A married *sarariman* consumer is very different from an unmarried one. A married *sarariman* will leave the bulk of the shopping, including personal items and many household durable items, to his wife. That is her role. The tradition of handing over the entire monthly pay packet to the wife still continues, with the housewife having total control of the bank account into which the salary is paid (Fields, 1983: p.49). In return, she grants her husband a monthly allowance which is mainly spent on travel, lunch, cigarettes and beer.

As the man gets older he does less and less shopping himself. Of the five groups, the *sarariman* consumer is likely to be the least knowledgeable about stores. If nothing else, it is often considered 'not the done thing' for a Japanese man to shop. Figure 7.12 shows the incidence of shopping trips by age and sex. The greater frequency of shopping trips by women compared with men is clear for all ages. The frequency of male shopping further decreases as the man becomes older.

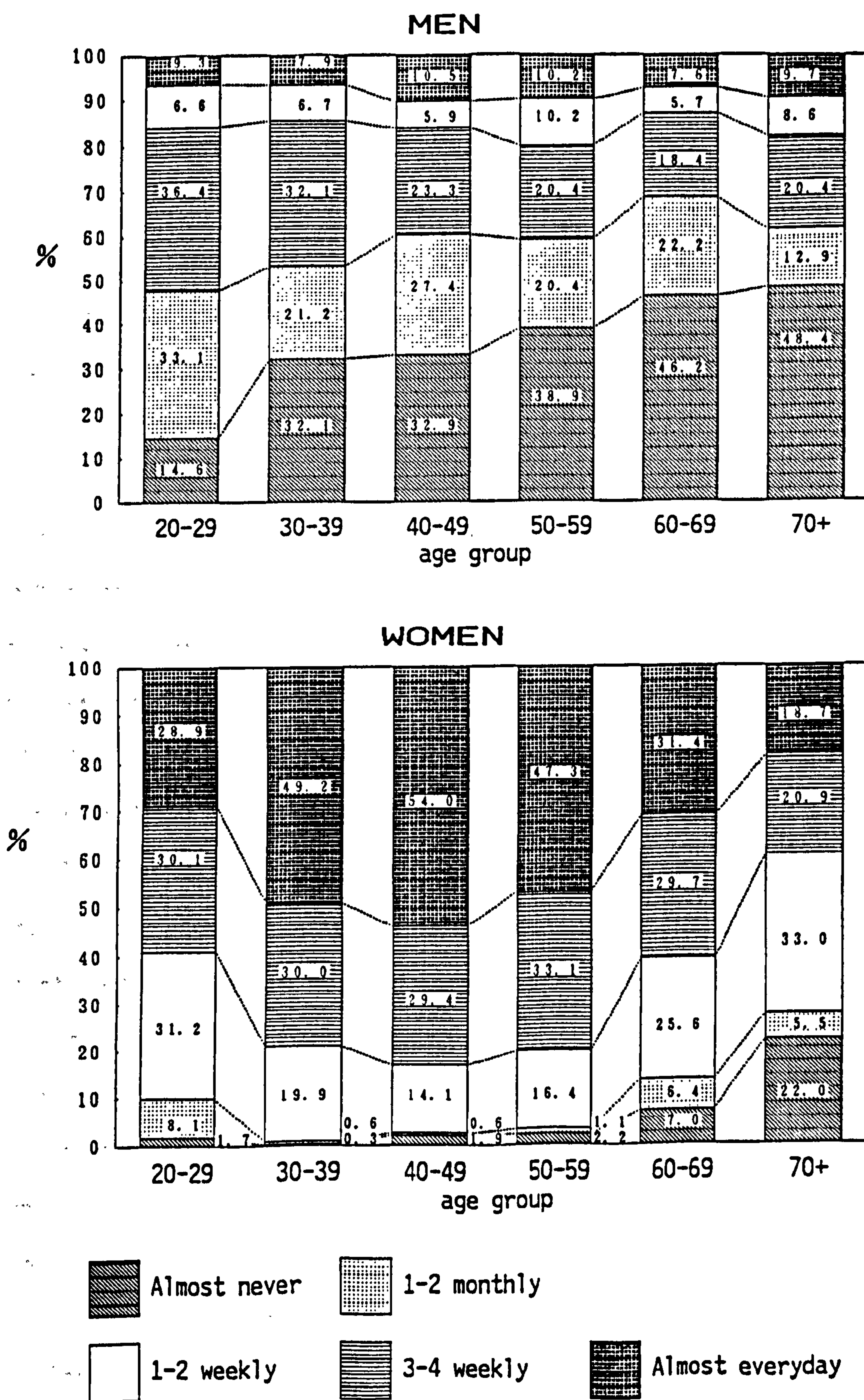
Younger, usually unmarried *sararimen* are only a little better. Their fathers may occasionally be required to accompany their wives to the supermarket to buy food - especially when the monthly 10kg bag of rice is to be bought. Young Japanese men almost never shop for food. Even when they live away from home, young company employees are usually housed in company dormitories where they have no need to visit supermarkets. On the other hand, as already mentioned, they often have an interest in a limited number of consumer goods with which they can become heavily involved in the shopping and buying process. In addition to the three already mentioned, ski and golfing equipment should be added, with the latter of the two being a keen shopping interest of older men as well.

It was not possible to find a *sarariman* interview group for Nagoya in the time allotted, leaving only three *sarariman* groups completed. Only three out of



FIGURE 7.12

SHOPPING FREQUENCY BY AGE GROUP AND SEX



Source: Adapted from *Sorufu Kohshitsu* (1988: p.3).



the nine men interviewed were married - one in each group. All three were young with very small children, and all claimed to have a fairly active interest in shopping.

### 7.3.5 HOUSEWIVES

Becoming a housewife in Japan is the antidote to being an OL for a few years beforehand. Going to discos and going out drinking is not usually acceptable behaviour for most married women. To the Western woman, the social restrictions placed on most married Japanese women may seem quite oppressive, but it needs to be emphasised that the housewife usually is in full control of her own life and the lives of those in her household (Ohashi, 1983). The only thing she usually is not responsible for is earning a living for the family. She is, on the other hand, free to work to supplement the family's income, and increasing numbers of housewives are choosing this option.

The housewife's traditional role of home manager and child rearer remains the norm in Japan today. As keepers of the household accounts, in financial terms, Japanese housewives are by far the most influential consumer group in Japan. With occasional help from older daughters, they are the only significant group of food shoppers. Of the five consumer types interviewed, only housewives had wide ranging knowledge of supermarket outlets. This may seem an exaggeration, and it is difficult to substantiate, but most Japanese would agree with the point. Some Japanese men would not admit to regularly shopping at supermarkets, even if, in truth, they did.

Most Japanese housewives keep meticulous financial records of their daily spending. They are the ones who decide how much and in what form money is to be saved. Equally, the housewife will control major purchases such as cars or home appliances, even though the husband may have the main say in the model bought. Decisions on how to use summer and winter pay bonuses are made largely by the housewife. She will be the instigator of any decision to try to buy a house,



and she will be in charge of saving for the children's education.<sup>3</sup> Saving in Japan is nearly always for some specific future purpose that is known by the housewife in advance (Fields, 1983: p.47).

In addition to these family responsibilities, most housewives manage to arrange their own monthly allowance for leisure and recreation. They have a lot of time to spare. Shopping, eating out with friends, attending health and sports clubs and holding coffee mornings are all common activities. Many women rightly insist that their husbands' social drinking and other out of home activities gives them a right to assign some of the household budget for their own recreation (Suzuki, 1986). Shopping is one such leisure activity, and large Japanese stores are rarely empty, with the majority of weekday shoppers coming from this group (Creighton, 1988).

Japanese housewives may seem to have a rather mundane lifestyle compared to their liberated counterparts in the West. In reality, their control over family finances allows this consumer group considerable freedom for discretionary spending. Many are reluctant to give up this individual power, and although the divorce rate is low in Japan as a whole, there is an increasing trend among mature women to seek a divorce after, or just before, their husbands retire. Of all divorce petitions in Japan, 74% are issued by women (Condon, 1985: p.45 and pp.57-58).

In any case, shopping is a major part of the Japanese housewife's role in life, and she is unlikely to get a lot of help from other members of her family. Essential shopping is a chore she often must endure, but it also means that she is able to control finances, and enjoy recreational shopping to the full.

#### 7.4 - REPERTORY GRID AS A DATA COLLECTION TECHNIQUE

Having established the framework for the interviews, the interview method itself can now be discussed. In all, 19 interviews were completed in the four cities, with a *sarariman* group missing from the Nagoya survey.

The methodology employed was extremely simple, but very effective. One of the key aims was to reduce researcher and interviewer bias as much as possible during the interviews. Partly in order to achieve this, the interview technique known as Repertory Grid or Kelly's Repertory Grid (hereafter 'RG') was chosen.

RG originated as a psychoanalytical technique for personality measurement. It was developed by George A. Kelly in the 1930s. Kelly published his ideas and clinical case studies in 1955 (Kelly, 1955), with an edition of the introductory chapters being published in 1963 (Kelly, 1963). Since that time, RG has been further developed in the field of psychoanalysis, but has been borrowed and adapted for use in the social sciences as a qualitative interview technique.

In many cases, RG has been employed solely as a data collection method, with Kelly's original theory relating to personality measurement playing little part (Fransella and Bannister, 1977: pp.4-5). This is basically the case in the present study, with RG being used purely as a tool for data collection. This is similar to its use in other marketing studies (see Coshall, 1985; de Chernatony, 1989; Hallsworth, 1987: 1988; Harrison and Sarre, 1975; Hudson, 1974; Opacic and Potter, 1985; Potter, 1977: 1978). This technique appears to have been particularly important in Britain.

Kelly's theory describes how people construe the world around them in order to fit it into their overall perceptual understanding. Much of Kelly's work can be related to consumers' choice of stores. This is not surprising, because, as it is a theory of personality, this will be true of most forms of human behaviour. A brief consideration of Kelly's theoretical and philosophical ideas is given below, along with detailed reasons for using RG in this case, but, as describing the theory has no analytical purpose in this study, only those aspects relating to the mechanics of the data collection method are discussed.

RG is an effective method of extracting unbiased and accurate data concerning store perceptions. Its simplicity provides advantages in the research situation faced here; ie. a British researcher working in Japan in



Japanese. It is a personality measurement technique developed in conjunction with Kelly's Personal Construct Theory (Kelly, 1955 and 1963).

Personal Construct Theory (or PCT) maintains that, through experience and observation, people develop a matrix of personal theories or hypotheses about the world around them. Kelly termed this matrix of hypotheses, beliefs and understandings a 'construct system'. The system undergoes continual change and restructuring as a person develops new constructs (ie. ideas and hypotheses) through new experiences and observations, and discards or modifies old constructs within the overall system. This is applicable to people shopping at stores and the experiences, good or bad, gained during shopping.

In addition to modification and reinforcement by external stimuli, the construct system itself influences, adjusts and 'tints' newly received experiences and observations. The construct system filters new data so that as it is moulded into the existing system, forming an additional or a replacement part. Kelly believed that this system could be generated on paper and analysed, which gave rise to the various interview techniques known generally as RG. Through such analysis, a person with psychological problems could be helped to understand his feelings and behaviour.

"Man looks at his world through transparent patterns or templates which he creates and then attempts to fit over the realities of which the world is composed."

(Kelly, 1955: pp.8-9)

In the same way, Stewart et al. (1981, p.7) referred to a person's construct system as being similar to a pair of glasses, through which new experiences are focused.

Outside the sphere of psychoanalysis, such as in the social sciences or in market research studies, PCT has often been ignored even when studies have employed RG. This is because RG is a simple, but powerful data generation technique on its own. Kelly's motives for developing the technique, however, relate to the objectives for employing it in this study.

As a practicing psychoanalyst, Kelly was concerned not with theoretical

relationships, such as whether his clients' current depression could be related to childhood problems, but more precisely to the question of 'why' his clients were depressed. He wanted to improve on commonly employed correlation statistics and attempt a more accurately causative method of investigation (Stewart et al., 1981: pp.3-4). Kelly doubted the applicability of results of studies employing large probability samples:

"If we are making an idiographic study by analysing a sample of the population of previous behaviours, we may make the mistake of assuming that a sample of future behaviours would be drawn from a universe having exactly the same parameters."

(Kelly, 1955: pp.83-84)

Stewart et al. (1981, p.3-4) suggest that the best way to reduce sampling bias is to undertake studies at the individual level - a sample of one. For psychoanalysis and research where the problem is centred on human relationships, an individual approach has obvious advantages. Studying a company's personnel problems are a good example as Stewart et al. (1981) and Stewart and Stewart (1981) have shown.

Conversely, even when investigations are undertaken with small groups of people, data extraction remains at the level of the individual respondent. Attempts to apply RG to groups have proved difficult, and can have major operational problems (Stewart and Stewart, 1981), but the adapted method used here worked successfully (see below).

One reason for this was that the interviews were not taken to the depth of understanding that is usual and necessary in a study relating to human relationships, for example problems with personnel, or psychoanalysis. Respondents were encouraged to relax and simply give their immediately conscious opinions regarding the subject stores. In a way, as stores have been described as having personalities (Martineau, 1958), the interaction of individual and store personality could be considered.<sup>(8)</sup> This was avoided at this stage, because it would be assuming a causal factor in Japanese consumers' store choice, ie. we would assume that Japanese consumers recognise a personal



relationship with the stores they use.

RG was employed at a far shallower level of investigation than is possible with the technique, and respondents were able to respond on a more impersonal level than would be the case in a psychoanalytical interview. As a result, few operational problems arose in conducting the interviews. The results of the method are discussed in detail in the following chapter.

In using RG, it is possible to reduce observer or researcher bias. No individual is unique in his or her experiences and consequent view of the world, and this includes researchers. It is relatively simple for a researcher to design a study based on his or her own expectations concerning the state of the subject of investigation. Such a technique does not usually invalidate the research, but allows it to advance quickly and smoothly towards more general objectives.

The wisdom of blindly applying Western ideas to the Japanese situation is in doubt, and remains untested (Nakanishi, 1981; see also Nakamura, 1990). Japanese shoppers' behaviour has not been investigated to any great depth, but it is easy to make the mistake of assuming certain patterns of behaviour will exist. Japanese academics have tended towards unquestioning acceptance of the application of Western consumer behaviour and marketing literature in Japan. This seems to suggest that either there is a widespread reluctance to undertake original empirical research in Japanese marketing<sup>(9)</sup>, or, for an unknown reason, the theories developed in the West are compatible with the Japanese situation and require no further investigation or adaptation. Even if this were true, it is a position that would require some empirical back up.

This study aims to avoid any comparison with the West, but aims rather to investigate and attempt to understand the Japanese situation as it actually exists. For this reason, the researcher's own, inherently Western experience and expectations could not be applied. Care was needed that the same experiences could not lead to biased questioning during the interviews. RG was chosen to allow data to be collected easily without the researcher or the independent

interviewers adding any unnecessary input. Ideally, the only input into the interviews should have been the names of the particular subject stores. The success of this approach will be discussed below.

As store perceptions were not to be related to the attributes of individual shoppers, which would have required greater interview depth, the interviews were undertaken in small groups. In this case, the aim of the interviews was to collect more generally valid data concerning a number of large stores. As a result, a large volume of data was collected, which was then employed to design a questionnaire for distribution to a wider sample - the secondary aim of the interview stage.

In order to discover what a Japanese consumer thinks of the large stores s/he uses, the simplest, and often the most effective way, is to simply ask. Too often correlation statistics become the aim of the study itself, as researchers search for suspected relationships. The aim to discover some kind of causality ends up forgotten.

A lot of research derives from observations of actual events and behaviour, followed by posing the simple question, "why?" The present study is exploratory, and the use of RG to generate data and reduce bias was effective for this purpose. It was certainly a far more valid approach than asking consumers to evaluate a number of ideas or factors derived from literature, the researcher's own experiences and expectations, or otherwise. RG was applied purely as a method of data collection. It is thought that this is the first time the technique has been used in Japan, and a detailed consideration of its success is included in the following chapter.

## 7.5 THEORETICAL ASPECTS OF THE RG INTERVIEW TECHNIQUE

The objective of an RG interview is to generate the construct systems of respondents on paper. In this case, the objective can be more narrowly defined as the part of the system that relates to store perceptions. To do this,



relevant subject matter known as 'elements', in this case large stores, are employed as stimuli. Respondents are required to focus on these elements in order to produce a number of 'constructs'. Kelly maintained that a person's construct system was made up of dichotomous 'constructs'. A construct is:

" . . . a reference axis, a basic dimension of appraisal, often unverballed, frequently unsymbolised, and occasionally unsignified in any manner except by the element processes it governs."

(Kelly, 1969 - quoted in Fransella and Bannister, 1977: p.3)

Constructs are the 'parts' of the system. They are the hypotheses or expectations on the basis of which each individual holds and views all new experiences. According to Kelly, they are dichotomous in form (Kelly, 1955: pp.59-64). Fransella and Bannister conveniently illustrate this idea:

"When we say Bill Bloggs is honest, we are not saying that Bill Bloggs is honest, he is not a chrysanthemum . . . We are saying that Bill Bloggs is honest, he is not a crook."

(Fransella and Bannister, 1977: p.5)

In the same way, a store that is expensive - is not cheap. A store that gives good service - does not give bad service. Whenever something is marked with one attribute, a second attribute is realised, or at least implied at the other pole.

These bipolar constructs do not need to be opposites in the semantic sense (Stewart et al., 1981: p.17). For example, against 'gives good service' could be put 'has rude employees' or even 'does not wrap purchases properly.' In the commercially based sense in which the Stewarts employed RG (Stewart et al., 1981; Stewart and Stewart, 1981), it is true that this is unimportant. However, in the psychotherapy based literature, it appears more usually the case that more obvious opposites are taken. (10) In this way, the 'construct system' becomes apparent. A person may perceive a store on the construct:

GIVES GOOD SERVICE

-

GIVES BAD SERVICE

and this is simply a corollary of the higher level, more precise construct:

In order to understand the deep construct system of an individual human being, it is necessary to take constructs to this level of accuracy. In the case of market research studies, this is less important.

The RG interview is a method of generating a number of this kind of construct from respondents. They are generated by focusing respondents' attention on 'elements'. As Kelly's above definition states, elements are the objects, experiences and occurrences which govern the formation and structure of the construct system. In the case of RG interviews, they are the subject matter.

As Fransella and Bannister (1977, pp.11-14) point out, there is, "no such thing as an element that is only an element or a construct that is only a construct." For example, Seibu Department Store can be used as the subject matter to generate constructs such as 'DEPARTMENT STORES WITH HIGH SALES - DEPARTMENT STORES WITH LOW SALES,' but equally, 'DEPARTMENT STORES WITH HIGH SALES' can be used as an element which would generate constructs such as 'SEIBU-LIKE - NOT SEIBU-LIKE.'

The subject matter in this study consists of large stores. The choice of elements in any study is very important. In some cases, respondents will be required to provide the elements themselves, as was the case with Kelly's original example (Kelly, 1955: pp.219-229). In other cases, the researcher will provide the elements in order to focus the respondents' attention on the area which is to be studied. The relative merits of each are discussed by Stewart et al (1981: pp.29-36). Fransella and Bannister (1977, p.13) identify two conditions which elements should meet.

First, the elements should be in the 'range of convenience' of the constructs to be elicited. That is to say, the subject matter must be relevant to the interview objectives. When the objective is to elicit constructs concerning large stores, including a small independent grocery store among the elements would lead to inapplicable constructs being generated. Small



independent stores may be 'outside the range of convenience' of large store related constructs. This would not be the case if the objective were a more general investigation of, for example, the competitive relationship between stores of different sizes.

Secondly, the elements must be representative of the population from which they were drawn. Relating this back to the discussion in chapter 5, it is no good just including the respondents' favourite stores, ie. those in their evoked sets. The true population is not simply the respondents' evoked sets of stores, but all stores in their awareness sets, which includes the evoked, hold and reject subsets.

Stewart et al.(1981: pp.29-36) provide detailed, practical guidelines for choosing elements. They note that elements should be:

- discrete, ie. individual stores with location clearly marked
- homogenous; ie. large stores only

and should not be:

- subsets of other elements; ie. should not include the food department of Mitsukoshi as a separate element
- evaluative; ie. they should not include judgements such as 'the best Tokyo department store.'

Under these conditions, the use of individual large stores as elements presents few problems.

Now that the terms 'construct' and 'element' are understood the interviews can begin. In order to understand the output and be able properly to record constructs generated by the respondents, however, it is helpful to refer to Kelly's original ideas one last time. While the aim is to allow respondents the freedom to present their own thoughts as precisely as possible without interference from the interviewer, Kelly (1955, pp.229-231) suggests there are, "at least six assumptions which should probably be taken into account" when interpreting constructs. These are as follows:

#### (1) ELICITED CONSTRUCTS ARE "PERMEABLE"

This means that, when a construct is generated using certain elements, the

same construct should be applicable to other elements within the same range of convenience (see above). It is assumed that the constructs which relate to stores with which respondents are already aware will be applicable to new stores which the respondent has not yet visited. For example, a Japanese person who construes his or her local large stores along the construct 'HIGH PRICE STORE - LOW PRICE STORE,' will apply the same judgement to a store s/he visits while in London. (11) In other words, constructs that relate to individual stores alone are less useful.

## (2) REPERTORY GRID SHOULD ELICIT PRE-EXISTING CONSTRUCTS

That is to say, constructs which are developed by the respondents for the first time during the course of the interview as a process of sorting the elements, are less useful. As Kelly notes, "if the [interview] is to be useful, some lingering degree of permanence in the constructs elicited by it must be assumed" (Kelly, 1955: p.230). Useful constructs are those which are genuinely applied in a person's assessment of a store, and were not developed as a result of the interview. In the present case, the use of group rather than individual interviews means that only generally applicable constructs will be recorded. It is possible that some respondents would be influenced by other members of the group. This, however, is still preferable to bias entering the results due to researcher expectations. The resulting constructs are still the genuine observations of Japanese respondents.

## (3) ELEMENTS FORM REPRESENTATIVE SUBJECT MATTER

Kelly's third assumption was that, within the respondents' own construct system, the elements form a representative subject matter to be focused upon. This is covered above. Fransella and Bannister (1977: p.14) list the same six assumptions concerning constructs. As they consider elements separately, however, they omit this third assumption made by Kelly, and replace it with one of their own, instead reemphasising the dichotomous nature of constructs. A



person cannot say what something is, without at least implying what something is not. This has also been discussed above.

#### (4) GENERATED CONSTRUCTS ARE A TRUE REFLECTION OF CONSTRUCT SYSTEMS

Generated constructs should be the true basis of a person's construct system. That is, the way in which a person regards a store may appear to be "inadequate or preposterous" (Kelly, 1955: p.230), but if it is genuinely the way in which a person perceives the store, and it affects the person's shopping behaviour, then it is a true construct. For example, it may seem strange if a respondent construes a store as 'PINK - NOT PINK', but if this construct leads to particular shopping patterns, that is, for example, s/he will immediately favour any store related to 'pink', then it is valid and important.

#### (5) CONSTRUCTS SHOULD BE RELEVANT TO RESPONDENTS

The respondent should be able to recognise the relevance of the constructs in his or her own behaviour. In other words, for a construct such as 'ATTRACTIVE SALES ASSISTANTS - PLAIN SALES ASSISTANTS', a person can be assumed to favour one pole of the construct over the other. In the case of constructs relating to perceptions of stores, however, it is probable that situational factors would play a large part; ie. different shopping objectives would lead to different behaviour. Even so, with shopping objectives defined, a respondent is assumed to be able to relate his or her own behaviour to any one construct.

#### (6) CONSTRUCTS SHOULD HAVE A FUNCTIONAL COMMUNICABILITY

Finally, Kelly (1955, p.231) assumed that constructs have a "functional communicability." That is to say:

" . . .the words the subject uses in naming his constructs, and the explanations he gives, are adequate to give the examiner some practical understanding of how he is organising the elements [in the interview]."

(Kelly, 1955: p.231)

This implies that the wording the respondent uses is the one which is applicable to themselves. In psychotherapy this is a crucial point and will require careful consideration by the therapist. In less personal situations, it is not so vital to respect individual idiosyncracies of description, and it is more important for the interviewer to understand what the subject is trying to say (Fransella and Bannister, 1977: p.14). Care is needed, however, when asking respondents to explain their meaning, and for the interviewer to listen carefully and record the constructs as closely as possible to the respondent's explanation. There is a danger that bias will enter the recording of constructs where the interviewer interprets the constructs through his or her own expectations or theoretical knowledge. This was a problem in some of the interviews (see below). An accurate and detailed record was desirable as the interviews were conducted in a language non-native to the researcher. These points are mentioned in the following sections and in chapter 8, where the practical application of the method is discussed in detail.

## 7.6 INTERVIEW METHODOLOGY

There are a number of ways in which RG can be operationalised (Bannister and Fransella, 1986: pp.65-75; Fransella and Bannister, 1977: pp. 23-59; Stewart et al., 1981: pp.79-209; also examples by Hudson, 1974; Hallsworth, 1987; Harrison and Sarre, 1975). The form employed here is one of the simplest. It was this simplicity which made it effective.

Each interview had three stages. The interviews began with a short questionnaire in which respondents were required to indicate the degree to which they were familiar with large stores in the city. From this, the subject stores (ie. the elements) to be used in the interview were taken, and the main interview conducted. The main interview continued until a number of constructs had been elicited, or until time restraints dictated that the final stage of the interview should begin. This process was arrived at largely through



subjective judgement and the experience of the earlier interviews. In the third stage, each element store was evaluated against each of the elicited constructs in the main interview. The three stages are described in detail below.

The researcher was present throughout each interview in order to observe and maintain a level of continuity that could not have been guaranteed through the use of a number of untrained interviews alone. It was originally hoped to employ a single native Japanese speaker for all the interviews so that the interviewer would gradually become better acquainted with the method, and, being a Japanese national, would have no problems with language. Financial constraints prevented this approach. Several independent, Japanese native interviewers were employed for the first eleven interviews, with the researcher personally conducting the last eight. By observation of the early interviews, the researcher became highly familiar with the method, and had the most detailed understanding of the research objectives, meaning that the only remaining barrier was language. It was hoped to alleviate major problems by making tape recordings of each interview, but few language problems arose.

The interview process is described in detail in the following sections.

#### 7.6.1 PRE-INTERVIEW QUESTIONNAIRE

As described above, for each subject city, a comprehensive list of large stores was prepared. This list was developed into a short questionnaire and distributed to the respondents prior to the main interview. This information was based on MITI's 1st Rank large store lists (MITI, 1987b), but greater detail was achieved by employing a number of other sources (*Aichi Kenchō*, 1987; *Ibaragi Kenchō*, 1987; *Kanagawa Kenchō*, 1988; *Nagano Kenchō*, 1988; *Nihon Chōen Sutoa Kyōkai*, 1988; *Nihon Shoppingu Sentā Kyōkai*, 1988; *Shōgyōkai*, 1989; *Suto! zusha*, 1989). These questionnaires were based on the lists of stores presented above in figures 7.5, 7.7, 7.8 and 7.11. As can be seen from these lists, the number of elements used in each city were as follows:

Nagoya	-	42 stores (all 1st Rank)
Yokohama	-	74 stores (all 1st Rank)
Mito	-	19 stores (1st and 2nd Rank)
Nagano	-	48 stores (1st and 2nd Rank)

The city of Yokohama covers an area of 430 square kilometres, compared to only 327 square kilometres in the case of Nagoya. As it was not possible to predetermine the areas of the city with which respondents were likely to be most familiar, it was necessary to include all 74 1st Rank stores. As this is a large number of stores for respondents to consider, and there was little likelihood that they would have known them all. For this reason, in the Yokohama questionnaire the stores were grouped by the city ward in which they were found, and respondents were then asked to consider only the wards with which they were familiar.

The remaining three questionnaires grouped the stores by type - department stores, fashion buildings, superstores and 'others'. In addition to the list of stores, each questionnaire included a final question asking whether the respondent regularly used another large store which was not included in the given list, and, if so, its name and location. On the whole, this question was not used.

The questionnaire was carefully designed, and its form and wording discussed with Japanese academics. A six point scale was devised which aimed to judge the degree to which the stores in the list were used. Respondents were required to tick the box which they considered the most applicable. As the role of the questionnaire was simply to indicate the stores with which respondents were most familiar, it was not pretested. Consequently, the scale employed was altered after the Nagoya interviews (the first group). The original scale is very similar to scales used in existing Japanese opinion surveys (see *Sōrifu Kōhōshitsu*, 1987: p.61; 1988: p.63). The scale used in the Nagoya questionnaire



translates as follows:

'Please indicate how frequently you use each store. Note that this includes visiting the store whether or not you make a purchase.

- ① Never used this store
- ② About twice a year
- ③ 2 or 3 times every 6 months
- ④ 2 or 3 times every 3 months
- ⑤ About once a month
- ⑥ More than once a month'

While this scale was adequate, it produced some misunderstanding, and was later altered. In Nagoya, some of the younger respondents indicated that they rarely used the largest, most prestigious department stores in the city centre. They were very aware of these stores, however, and, except that they could not afford to shop there, did not dislike them. Although the term 'use the store' was emphasised as including browsing, it is possible that the respondents did not properly recognise this idea. In one case, a young, female office worker, who had lived in Nagoya for 19 years, indicated that she had 'never used' Matsuzakaya - Nagoya's largest department store. In the end, this store was included in the interview, and the respondent had no difficulty in eliciting constructs relating to it.

Due to these problems, the questionnaire scale was redesigned. The new scale translated as follows:

- ① I know this store well and use it often
- ② I use this store regularly
- ③ I sometimes use this store
- ④ I don't use this store very often, but I know it
- ⑤ I hardly ever use this store
- ⑥ I have never used this store

Again it was emphasised that respondents should include browsing and other non-purchase activity in their 'use' of a store. The order of the scale was reversed so that the positive attributes came first. This appeared to be more easily understood by respondents. The respondents still tended to lean towards

the negative end of the scale when they were unsure, but, on the whole, this scale was successful.

Each group of respondents was carefully observed as they filled in the questionnaire. Completing the questionnaire took about five minutes, and by careful observation, it was possible to identify three element stores with which to begin the main part of the interview (see section 7.6.2). While the interviewer explained, demonstrated and began the process of construct elicitation with these three elements, the questionnaires were quickly reviewed, and a set of stores were chosen with which all of the respondents in the group were adequately familiar. To maintain manageability, and due to time restrictions, the number of elements used was about a dozen, but varied from eight to fourteen.

There was no set score or rank by which the element stores were chosen from the questionnaire. Stores which were never used by any of the respondents (score 6) were always omitted, and stores which were regularly used by more than one respondent (score 1) were always included. The remaining elements were chosen from the stores with which all members of the respondent group were reasonably familiar. Less well known stores were included where the number of store elements was especially low. Where the group was very familiar with a large number of stores, the most familiar stores were chosen up to a manageable number.

Once this process was complete, the main body of the interview - that is the construct elicitation - could begin.

#### 7.6.2 CONSTRUCT ELICITATION AND GENERAL INTERVIEW METHOD

The interview method used is one of the simplest forms of RG and has been well documented (see Stewart and Stewart, 1981; Stewart et al., 1985; Fransella and Bannister, 1977: pp.23-30; Epting, 1984; Hallsworth, 1987; de Chernatony, 1989). It is based on Kelly's original RG technique (Kelly, 1955: pp.219-229).

Each individual store listed in the pre-interview questionnaire was printed in advance on three inch by five inch cards. These form the physical tools for



the interview. An example of these cards is reproduced in figure 7.13. Careful use was made of different sizes of type face in order to emphasise first the name of the store, and secondly the store location. This distinguishes the store as a single, defined outlet, and not simply part of a famous chain of stores. There were occasions where two stores from the same chain were compared in the interview.

The actual process of construct elicitation is very simple. Cards depicting the element stores are placed in groups of three on the table in front of the respondents. Dichotomous constructs are elicited by asking respondents to split the triad of cards into a pair and a single. This is done on the basis that the pair are perceived as having some common factor, which forms one pole of the construct, and the single element is perceived as different, the difference being the other pole of the construct.

This process was introduced to the respondents by means of an example. Stewart et al. (1981: pp.11-13) present an example using element cards marked 'CAR', 'TRAIN' and 'DONKEY'. These translate easily into Japanese and were used where the group was more mature, most notably for the *sarariman* groups. For the majority of interviews, however, a more light-hearted, Japanese example was chosen. This employed element cards marked 'MICKEY MOUSE', 'DORAEMON' and 'PEKO-CHAN'. These three cards were placed on the table in front of respondents and they were asked to consider them carefully (see figure 7.14). Respondents were encouraged to move the cards about and rearrange them in order to stimulate ideas. From the triad, the respondents form a pair and an opposing single, as shown in figure 7.15 for example. This is the simple split of:

[ 'DORAEMON' + 'PEKO-CHAN' ]  $\Rightarrow$  [ 'MICKEY MOUSE' ]

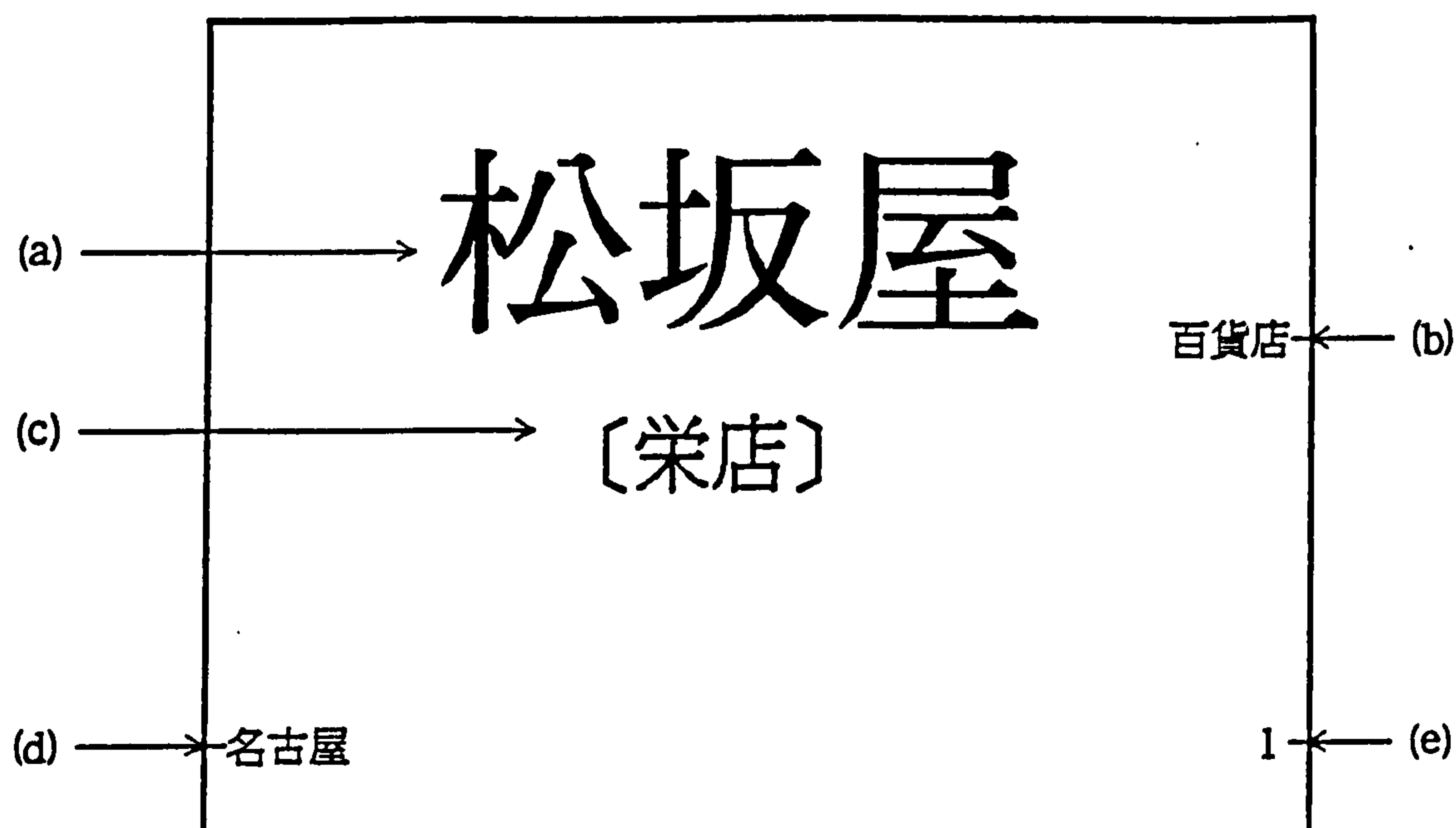
which is the construct (JAPANESE - AMERICAN/NON-JAPANESE). Other splits are equally possible:

(MALE - FEMALE)

[ 'DORAEMON' + 'MICKEY MOUSE' ]  $\Rightarrow$  [ 'PEKO-CHAN' ]

FIGURE 7.13

STORE ELEMENT CARD EXAMPLE: NAGOYA MATSUZAKAYA



KEY:

- (a) 松坂屋 (*Matsuzakaya*):  
The name of the store picked out in the largest script.
- (b) 百貨店 ("Department Store"):  
Store type.
- (c) 栄店 (*Sakae-ten*):  
The store location or branch, ie. Sakae branch.
- (d) 名古屋 (*Nagoya*):  
The interview set, ie. Nagoya interviews.
- (e) 1:  
The number of the element card for recording purposes.



FIGURE 7.14

EXAMPLE OF CONSTRUCT ELICITATION WITH DUMMY ELEMENTS

DUMMY CARDS - LAYOUT OF CARDS FOR CONSTRUCT ELICITATION

MICKEY MOUSE	DUMMY	1
--------------	-------	---

DORAEMON	DUMMY	2
----------	-------	---

PEKO-CHAN	DUMMY	3
-----------	-------	---

FIGURE 7.15

EXAMPLE OF AN ELICITED CONSTRUCT WITH DUMMY ELEMENTS

LEFT POLE - "JAPANESE"

RIGHT POLE - "AMERICAN" or "NON-JAPANESE"

DORAEMON  
DUMMY

PEKO-CHAN  
DUMMY 3

MICKEY MOUSE  
DUMMY 1



(NON-HUMAN CHARACTER - HUMAN CHARACTER)  
[ 'DORAEMON' + 'MICKEY MOUSE' ]  $\Rightarrow$  [ 'PEKO-CHAN' ]

(CARTOON CHARACTER - STORE MASCOT)  
[ 'DORAEMON' + 'MICKEY MOUSE' ]  $\Rightarrow$  [ 'PEKO-CHAN' ]

(LIVING CREATURE - SUPERNATURAL CHARACTER)  
[ 'PEKO-CHAN' + 'MICKEY MOUSE' ]  $\Rightarrow$  [ 'DORAEMON' ]

(RARELY SEEN ON TV - OFTEN SEEN ON TV)  
[ 'PEKO-CHAN' + 'MICKEY MOUSE' ]  $\Rightarrow$  [ 'DORAEMON' ]

and so on.

It should be noted that a number of constructs can be elicited from the same triad of elements. In addition, several different constructs may be elicited using the same split of cards.

Once this elicitation methodology was understood and respondents seemed comfortable with it, the main interview could begin with store elements being substituted for the dummy elements used in the example.

After two or three constructs had been elicited using a particular triad of stores, the cards were changed for a new triad. Alternatively, triads were changed if the respondents seemed to be unable to think of any new ideas. Once all the chosen elements had been used once, they were then re-used in new triads in order to achieve new comparisons. The choice of element store triads was undertaken totally by the researcher and not by the independent interviewers. This was to ensure a more random spread of stores, and to avoid triads that are picked because some expected split could be envisaged.

The interviewer's role was simply to set out the triads of cards, listen carefully to the respondents' comments, and record the elicited constructs on the specially prepared record sheet (see appendices). Occasionally, it was necessary to ask respondents to clarify their comments or provide the second pole of a construct. With this exception there was little need for the interviewer to speak at all. As far as possible, the interviewer was required to record the respondents' actual wording of constructs. All but the Nagoya interviews were taped, and the wording of some of the constructs could be

checked against the transcriptions, especially where the meaning was unclear or the handwriting difficult to read. <sup>(12)</sup>

### 7.6.3 SCALE RANKING OF ELICITED CONSTRUCTS

The final stage of the interview consisted of a simple quantification of the element stores vis à vis the elicited constructs. The data sheets were designed to accommodate this ranking process and simplify recording.

Taking each construct in turn, respondents were asked to rank the element stores on a scale of one to seven. The construct on the left of the data sheet was taken as the low pole, ie: scoring one, and the construct on the right as the high pole, scoring seven. This can be seen by referring to the transcribed data sheets in the appendices.

First, the idea of ranking the stores was explained to respondents. The first elicited construct was then read back to the group, emphasising its bipolar nature. During construct elicitation each triad of stores and each split of pair and single had been recorded against the elicited construct. If, for some reason, the construct was a little obscure, and respondents had difficulty in understanding how it had been arrived at, the interviewer could remind the respondents of the three stores that had been under consideration at the time, and how they had been split. This having been understood, each element card was presented to the group of respondents in turn, requiring them to make a judgement as to where it lay on a seven point scale between the two construct poles.

Figure 7.16 shows a simple translated example of this process. This example is taken from the interview of Nagano high school students, and shows the construct 'BRIGHT IMAGE - DARK IMAGE'. <sup>(13)</sup> Eleven element stores were used in the interview and each was evaluated against this construct. It can be seen that the first store, Nagano Sogo, scores seven - the extreme right pole, ie. 'DARK IMAGE'. The ninth store, Nagasakiya, scores the same. The third and sixth



FIGURE 7.16

### SEVEN POINT STORE ASSESSMENT SCALE - EXAMPLE

**NAGANO HIGH SCHOOL STUDENTS' GROUP**

[illegible]

stores, Sherushe and Midori Ekibiru, score one - the extreme left pole, ie. 'BRIGHT IMAGE'. The other seven stores score somewhere between the two poles, with scores from two to six.

This process was undertaken for all constructs elicited in the second stage of the interview. Some constructs turned out to be excessively impermeable, and scores of only one or seven were elicited. In addition, the same constructs were often elicited when different triads of elements were used. This meant that there were repeated constructs recorded on the data sheet. In such a case, the elements were only evaluated against the construct for the first time it appeared on the data sheet.

Various problems that arose during the interview stage of the survey, and the relative success of the interviews is discussed in the following chapter.

#### 7.6.4 GROUP FORMATION, INTERVIEW TIME SCALE AND INTERVIEW TIMING

The groups were formed by requesting a person of relatively high social standing (ie. two university professors, a professors' wife, and a respected local businessman) from each subject city to act as coordinator to bring together groups of about three people from each consumer type. This is a convenience sampling method, but, as is discussed in chapter 8, groups who were not acquainted prior to the interview proved less forthcoming and produced fewer and shallower constructs than groups who were known to each other.

Relying on a high standing coordinator to bring the groups together could have meant that there was a tendency for respondents to come from a higher than normal social class. Although no socioeconomic data was collected during the interviews, the respondents appeared to represent a wide range of occupations and social status. The 57 people interviewed can be considered generally representative given that they were not chosen in a random way.

It was requested that groups of three people were brought together. This was achieved in all but four cases. Two interview groups had four members (two male



and two female), and two managed only two members.

The coordinating persons were all known to the researcher, but this was not true of any of the 57 respondents who took part in the interview survey. The coordinators told respondents that the interviews would take approximately one hour. In most cases this time frame was adhered to, but in some cases, the respondents were willing to talk for far longer. In one or two cases it was difficult to end the interview because of respondents' desire to chat about stores and shopping. This was not discouraged.

Given this time frame, respondents were required to complete the preliminary questionnaire stage of the interview as quickly as possible. This normally took no more than five minutes even in the case of the longer Yokohama questionnaires. The interviewer would then introduce the RG method, and construct elicitation would begin. This would continue for about 25 minutes or until 30 or more non-repeated constructs had been elicited. At this point, the final assessment stage of the interview would begin. This last stage often proved the most time consuming. Where respondents were finding great difficulty in assessing the element stores, the interviewer encouraged them to either use other methods to arrive at a decision, for example comparing all the elements together, or would finally skip more obvious constructs in order to reduce the time spent on the interview.

All respondents were provided with a small reward for their help. In most cases this consisted of a small sample of Scottish tea in a special presentation porcelain jar, gift wrapped by a major Tokyo department store. In other cases, notably the *sarariman* interviews, a telephone card was used. The value of the presentation given to each respondent was ¥1,000 (about £4) in all cases.

The time scale and order of the interviews was as follows:

(1) NAGOYA 11th December to 20th December 1988.

(2) YOKOHAMA 6th January to 15th January 1989.

(3) MITO 31st January to 1st February 1989.

(4) NAGANO 23rd February.

## 7.7 SUMMARY OF DATA COLLECTED DURING INTERVIEW :-:-

The data resulting from the interviews are discussed in the following chapter. Here it suffices to briefly summarise the results as follows.

A total of nineteen interviews were completed in the four cities, involving 57 Japanese consumers, and all five consumer groups being represented in each city, with the exception of a *sarariman* group in Nagoya.

The interviews employed 206 element stores, although this number includes double counting of elements used in more than one interview. Using these elements, 552 dichotomous constructs were elicited.

A simple content analysis of these 552 constructs was the basis for designing the questionnaire described below.

## 7.8 THE QUESTIONNAIRE SURVEY

The quantitative rankings of element stores against constructs, along with content analysis of the 552 elicited constructs, presents ample opportunity and scope for analysis of the interview data alone. The survey limitations, particularly the use of a small, fairly select sample of consumers, however, restricts the general applicability of that interview results.

For this reason, as planned, the interview data was used to develop a questionnaire for distribution to a larger sample of respondents in the subject cities. The results of the questionnaire survey serve to support and emphasise analysis of the interview data.

The development of the questionnaire was undertaken as part of the preliminary analysis of the interview data. To avoid repetition this is described in detail in the following chapter as part of the survey results. A brief summary of the operational aspects of the questionnaire is provided at



this stage.

#### 7.8.1 QUESTIONNAIRE DEVELOPMENT

As described in the following chapter, 552 constructs elicited in the interview survey were reduced to twelve groups. Because of the time consuming nature of this basic sorting of such a large number of constructs, a questionnaire was designed on the basis of these twelve groups without continuing the analysis to greater depth. Twenty store perception factors were chosen to be included in the questionnaire. These factors were all originally constructs elicited during the interviews, and, as far as possible, the Japanese wording which originated in the interview transcripts was used. The seven groups were used as a general guideline only, with a number of factors taken from each.

The questionnaire had three pages. These were a covering letter signed by the researcher and by the researcher's supervising professor at Waseda University; the main question (Question 1) which aimed to measure respondents' store perceptions; and a demographic and socioeconomic data section (Questions 2 to 11). Figure 7.17 presents a translation of the questionnaire employed in Nagoya, and copies of the original questionnaires can be found in appendix 3. The only main difference between the four questionnaires is the subject stores employed in Questions 1 and 2.

The questionnaire was originally tested on a small number of students in both Nagoya and Tokyo. The first draft was far too complex. The second and, due to time constraints, final draft is still a very complex questionnaire, and if the study were repeated a far simpler questionnaire would be employed, even though this would mean that some detail would be lost.

The complexity of the questionnaire arises from the format of the store evaluation section (Question 1). The main section of the questionnaire consisted of an eight by twenty grid, matching eight stores within a particular city with the twenty perception factors (constructs). In the first draft of the

FIGURE 7.17

TRANSLATION OF QUESTIONNAIRE: NAGOYA

Q1. Please indicate on the scale of 1 to 5 how closely the following 7 Nagoya stores fit each of the 20 conditions given on the left of the table. Also, please write the name of the *sipa* which you use most frequently in the box in the top right of this page. Finally, the ninth column is your imaginary 'ideal' store. Please rank this along with the other stores.

Which *sipa* do you know and use most?

Name : \_\_\_\_\_

Place : \_\_\_\_\_

This store becomes 'G' below

1=STRONGLY AGREE									
2=AGREE									
3=PROBABLY AGREE									
4=DISAGREE									
5=STRONGLY DISAGREE									
EXAMPLE:		A	B	C	D	E	F	G	H
STORE XX		MITSUZAKAYA	MITSUKOSHI	MARUET	CENTRAL PARK	METTETSU NELSA	DAIEI	LOCAL SIPA	MY IDEAL STORE
		SAKAE BRANCH	SAKAE BRANCH	SAKAE	SAKAE	METEKI BRANCH	SAKAE BRANCH		
①	I often go to this store	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
②	Prices reflect a high class store	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
③	Quality of brands stocked is high	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
④	Customers are smartly dressed	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑤	It is a bright, lively store	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑥	It has an easy, friendly image	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑦	Location convenient, easy to reach	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑧	Local people identify with store	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑨	Feeling of a young person's store	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑩	Traditional store you can trust	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑪	Has a wide range of goods	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑫	Shop assistants give good service	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑬	The store is clean inside	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑭	It is currently a popular store	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑮	It stocks items I'd like to buy	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑯	It is a daunting store to enter	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑰	It is an enjoyable store to browse	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑱	This store suits my personal image	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑲	Good for o-chigori & o-seibo gifts	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑳	Given money, I'd shop here often	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

continued/.



FIGURE 7.17 continued/.

Questionnaire Page 2

Q2. Please indicate your personal order of preference for the fourteen stores below. For example, if you prefer Uny best, place a '1' in the box below Uny, then a '2' in the box below the store you prefer second to Uny. If there is any store you do not know use an 'X'.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Matsuzakaya Sakae	Mitsukoshi Sakae	Maruei Sakae	Central Park Sakae	Meitetsu Nelsa Meieki	Daiei Sakae	Local shop	Maruei Skyle Sakae	Meitetsu Dep't Meieki	Annex Sakae	Tokyu Hands Sakae	Nova Sakae	Apita Meieki	Mitsukoshi Hoshinaga	

112-115

Q3. Please indicate which is your most usual form of transport when visiting the seven stores below. Put a number in the box according to the type of transport you use.

A	B	C	D	E	F	G
Matsuzakaya Sakae	Mitsukoshi Sakae	Maruei Sakae	Central Park Sakae	Meitetsu Nelsa Meieki	Daiei Sakae	Local shop

- (1) Subway or train
- (2) Bus
- (3) Private Car or Taxi
- (4) Bicycle
- (5) Go on foot
- (6) Other

116-118

The following questions aim to collect simple reference data. Please answer them as best you can, by ringing the most appropriate answer.

Q4. What is your occupation?	a. High school pupil b. College student c. Company Employee d. Housewife e. other ( )	114
Q5. You are	a. Female b. Male	115
Q6. Your age group is	a. 15-18 b. 19-22 c. 23-30 d. 31-40 e. 41 or older	116
Q7. Including yourself how many people are in your household?	Under 18 a. none b. one person c. two people d. three or more people.	117
	18 or more a. one person b. two people c. three people d. four people e. five or more people	118
Q8. What is the occupation of the household head?	a. Agriculture or fishing b. Self-employed (manufacturing) c. Self-employed (commerce) d. Company employee e. Company director f. Civil Servant or teacher g. Unskilled worker h. Skilled worker i. Professional (doctor, lawyer etc.) j. Unemployed or other ( )	119
Q9. What kind of accommodation do you currently live in? Show if it is rented or owned, and the size depending on the type of building (1), (2), or (3).	a. owned accommodation b. rented accommodation.	120
	(1) HOUSE a. 2 rooms or less b. 3 rooms c. 4 rooms d. 5 rooms e. 6 rooms f. 7 rooms or more	
	(2) MANSION a. 1 room b. 10K or 11K c. 2K or 21K d. 3K or 31K e. 4K or 41K f. 5K, 51K or larger	121
	(3) APARTMENT a. 1 room b. 10K or 11K c. 2K or 21K d. 3K or 31K e. 4K or 41K or larger	
Q10. Usually, how long is it from your home to city centre?	a. less than 10 minutes b. 11-20 minutes c. 21-30 minutes d. 31-40 minutes e. 41-50 minutes f. 51 or more minutes	122
Q11. How many years have you been using stores in Nagoya?	a. Less than 1 year b. 1-5 years c. 6-9 years d. over 10 years.	123

When you have completed the questionnaire, please place it in the envelope provided and post it as soon as you can.

THANK YOU VERY MUCH FOR YOUR COOPERATION

questionnaire, the full, bipolar constructs were used, but it was decided to use only the positive pole to simplify the structure. The one exception is factor number 16 (see figure 7.17). This, construct, 'IT IS A DAUNTING STORE TO ENTER,' is the one factor in the list which suggests a negative perception of a store. (14) In the computer analysis of the questionnaire data, all results for this factor were reversed.

In each cell of the grid, respondents were required to assess each store against each of the twenty factors on a scale of one to five. The scale translated as follows:

- ① STRONGLY AGREE
- ② AGREE
- ③ PROBABLY AGREE
- ④ DISAGREE
- ⑤ STRONGLY DISAGREE

It should be noted that there is no really neutral choice if the respondent adheres to the given meaning of the five ranks. This is because of the documented problems of using such scales in Japan (Fields, 1988a: pp.99-100). Japanese respondents are said to consider this kind of scale from the centre outwards, rejecting central, ie. more neutral choices, before considering extreme ones. Western subjects are said usually to do the opposite, starting at the extremes of the scale and working inwards to decide their response. Japanese market surveys have a stronger tendency to cluster towards the middle of a scale, and so produce unhelpful results.

In order to keep the complexity of the questionnaire down, a 5-point rather than a 7-point scale was chosen, even though the greater sensitivity of the latter would have helped to alleviate this problem. In an attempt to make respondents think more carefully before taking the 'middle option', a neutral response was omitted. Even so, many respondents still tended, for whatever reason, to stick to the middle of the scale, probably because this remained the most neutral response possible.



The store evaluation section of the questionnaire was the most complex, requiring  $8 \times 20 = 160$  responses alone, but it was possible to complete the questionnaire quickly once the scale had been understood. Judging from the very high response rate (78.2% - see below) the complexity of the final questionnaire did not cause any major problems.

The twenty store perception factors remained the same for all questionnaires. For each city, seven of the largest and most prominent stores were chosen as the primary subjects for the questionnaire. These were evaluated against the twenty perception factors. The eighth store was the respondent's 'ideal store'. Hypothetically, as all twenty factors were positive, this final category should have ranked consistently high. This could be used both as a bench mark to compare other stores, and as a measurement of the importance of the store perception factors.

In addition to the seven primary subject stores, a further seven secondary subject stores were included in question 2 (figure 7.18). Here, respondents were asked to rank all fourteen subject stores from 1 to 14 in order of personal 'preference'. The meaning of preference was not stated, and left to respondents to interpret. The results of this ranking also serve as a comparison to overall rankings suggested in the first question. Translated lists of subject stores used in the four questionnaires are given in figure 7.18.

The third question aimed to discover the most usual transport mode used when visiting each of the seven primary stores.

The final section of the questionnaire asked for the following demographic and socioeconomic details from the respondent:

1. Respondent's occupation - by consumer type, ie. high school student, college student, company employee, housewife or 'other.'
2. Respondent's sex.
3. Respondent's age group.
4. Number of people in the respondent's household under the age of 18 (most usual school leaving age).
5. Number of people in the respondent's household over the age of 18.
6. Head of household's occupation - in ten categories as used in other Japanese questionnaires.
7. Type of housing - whether it was owned or rented.

FIGURE 7.18

SUBJECT STORES EMPLOYED IN QUESTIONNAIRE BY CITY

Upper case indicates primary subject stores used in all questions.  
Lower case indicates secondary subject stores used only in the second question.

NAGOYA

- A. Matsuzakaya (Sakae)
- B. Mitsukoshi (Sakae)
- C. Maruei
- D. Central Park
- E. Meitetsu Melsa (Meieki)
- F. Daiei
- G. Local sūpā

- i. Maruei Skyle
- j. Meitetsu Hyakkaten (Meieki)
- k. ANNEX Fashion Building
- l. Tōkyū Hands
- m. NOVA Fashion Building
- n. Apita (Meieki)
- o. Mitsukoshi (Hoshigaoka)

YOKOHAMA

- A. Yokohama Takashimaya (Nankō)
- B. Yokohama Sogō
- C. Mitsukoshi (Hokkō)
- D. Okadaya Moars
- E. Lumine Yokohama
- F. Vivre 21
- G. Local sūpā

- i. Sōtetsu Joinus
- j. Za Daiyamondo
- k. Matsuzakaya (Isesaki)
- l. MY-CAL
- m. Cial
- n. Motomachi
- o. Daiei (Nankō)

MITO

- A. Isejin
- B. Mito Keisei
- C. Seibu
- D. EXCEL
- E. Marui
- F. Daiei
- G. Uny

- i. Takashimaya Roseland
- j. Suntopia
- k. Nagasakiya
- l. Taharaya
- m. Jusco (Ishikawa)
- n. Der" Stoa
- o. Tsuruya

TOKYO

- A. Mitsukoshi (Nihonbashi)
- B. Takashimaya (Nihonbashi)
- C. Seibu (Yūrakuchō)
- D. Parco (Shibuya)
- E. Marui (Shinjuku)
- F. Isetan (Shinjuku)
- G. Tōkyū Hands (Shibuya)

- i. Matsuya (Ginza)
- j. Matsuzakaya (Ueno)
- k. Tōkyū Hyakkaten (Shibuya)
- l. Loft (Shibuya)
- m. Seibu (Ikebukuro)
- n. Odakyū (Shinjuku)
- o. 109 (Shibuya)



8. Size and structure of housing.
9. Time in minutes from respondent's home to the city centre.
10. The number of years the respondent has lived in the city.

The type of information collected varied slightly for questionnaires distributed in Tokyo. As there is no single centre for shopping, Question 9 was omitted. Also, rather than asking for mode of transport to individual subject stores, travelling time was requested because of the dominance of rail and underground transport in Tokyo.

The total number of responses possible on each questionnaire was 194 (193 in Tokyo).

#### 7.8.2 QUESTIONNAIRE DISTRIBUTION

The system of questionnaire distribution was very similar to that employed when arranging the original interviews. A probability sample in any of the four cities would have proved excessively costly, and would have carried the risk of a very low response rate.

The approach used employed between five and seven coordinators in each of the subject cities. These people were chosen on the same basis as the consumer types previously considered, ie. at least one high school student, one college student, one female office worker, one *sarariman* and one housewife. Each coordinator was provided with a pack of twenty questionnaires and twenty prepaid envelopes. They were also 'rewarded' with a telephone card to the value of ¥1,000 (about £4). The respondents themselves received no reward. In Nagoya and Yokohama, one of the coordinators was also employed in the interview stage of the survey.

Each coordinator was requested to distribute the twenty questionnaires to four people from each of the five consumer categories. Where they could not find four people from a particular category, they were requested to return the questionnaires uncompleted. In the end, this did not happen. While taking this

request as a general guideline, several coordinators preferred to make up the twenty respondents with whoever was available. No uncompleted questionnaires were returned. It is probable that some of the interview respondents were also used by the coordinators as respondents for the questionnaire. There is no way of checking this other than asking coordinators directly.

It was not possible to find a sufficient number of coordinators to survey Nagano in this way. For this reason, and because it would provide a very interesting alternative comparison, a similar questionnaire was distributed in Tokyo. This required a slightly adapted questionnaire. In addition to changing questions on travel mode and time, the chosen subject stores were a mixture of store types and locations, made up entirely of department stores and fashion buildings. It would have been impossible to choose a major superstore which all Tokyo respondents would know, so this was omitted.

In total, 390 questionnaires were distributed. It can be assumed that the coordinators mainly requested their friends to complete them, leading to a very high response rate. 305 questionnaires were returned, giving a response rate of 78.2%. (15) The number of questionnaires distributed varied by city depending on the number of coordinators available.

Table 7.4 summarises the response rates for each city. The number distributed in Mito and Tokyo was half that of Yokohama and Nagoya, but the response rate in the latter cities was lower. This suggests a more 'forced' response from Mito and Tokyo. Table 7.5 confirms that the quality of responses was higher in Yokohama and Nagoya than in Mito and Tokyo. The quality of Mito responses in terms of the number of blank or illegable responses on the questionnaires was very poor. As the table shows, 26% of the store assessment section (question 1) of the Mito questionnaires was not completed, and almost a quarter of all possible responses were left blank. The reason for this cannot be determined, but it is probably related to the small number of coordinators (only three) employed for the Mito survey. With this doubt, the validity of some of the Mito responses could be questioned, but for the sake of consistency,



TABLE 7.4

QUESTIONNAIRE DISTRIBUTION AND RESPONSE.

CITY	No.SENT OUT	RESPONSE	PERCENT
NAGOYA	140	96	68.6
YOKOHAMA	120	85	70.8
MITO	60	59	98.3
TOKYO	70	65	92.9
TOTALS	390	305	78.2

TABLE 7.5

MISSING RESPONSES BY QUESTIONNAIRE SECTION AND CITY

RESPONSES		Total Possible Responses	Missing Responses	Percentage of Responses missing
NAGOYA	Q're pg.1	15,360	543	3.54
	Q're pg.2	2,976	148	4.97
	Total	18,336	691	3.77
YOKOHAMA	Q're pg.1	13,600	1,020	7.50
	Q're pg.2	2,635	178	6.76
	Total	16,235	1,198	7.38
MITO	Q're pg.1	9,440	2,453	25.99
	Q're pg.2	1,829	184	10.06
	Total	11,269	2,637	23.40
TOKYO	Q're pg.1	10,400	732	7.04
	Q're pg.2	2,015	162	8.04
	Total	12,415	894	7.20

the Mito questionnaires were included in the overall data set regardless of this factor.

## 7.9 SUMMARY

The survey was designed in two separate, but related stages. Having determined four subject cities (Nagoya, Mito, Nagano and Yokohama) and five consumer types (high school pupils, college students, female office workers, *sararimen* and housewives), 19 group interviews were undertaken using a method based on Kelly's Repertory Grid technique. The interviews focused on large stores within the cities, the actual subject stores being chosen by the respondents on the basis of each interview group's familiarity with them. A total of 209 stores were considered during the interviews, and, through the RG technique, 552 dichotomous constructs were elicited.

These constructs were sorted by hand, and simple content analysis used to develop a detailed questionnaire. 390 questionnaires were distributed, using three of the original subject cities and Tokyo as a substitute/addition.

Being undertaken by a non-Japanese working in Japanese in Japan, much of the survey was a matter of trial and error. The project was an ambitious one, and this meant that convenience sampling became unavoidable because of logistical and financial restraints. Problems with the survey methodology will be discussed below in the sections concerning results and limitations. Given the many problems and the financial restraints of undertaking non-commercial research in Japan, however, the survey can be considered a great success - especially in terms of the experience gained. If the research was repeated, many changes and improvements could be made (see chapter 10), but the option to reduce the size and scope of the survey, while reducing costs and allowing greater focus, would also reduce the applicability of the results. Taken as purely exploratory, the survey provides a considerable number of objective pointers for further research, whereas previously only subjective observation



had existed.

#### NOTES TO CHAPTER 7

- (1) An explanation of the ranking of store sizes under the Large Store Law is given in chapter 2.
- (2) Since the survey, a large Parco fashion building has also been opened in the centre of Nagoya. This store is described in detail in chapter 4 as an example of a modern fashion building.
- (3) The *Yunimoru* shopping mall at Nagoya Station has recently been extended to link into a new subway line. As with the Parco development, the design and finish of the extended mall is very impressive.
- (4) The 'Seibu' Department Store in question is operated, not by Seibu Department Stores, but by the Seiyu company, part of the same group as the genuine Seibu stores. At the time, it had only recently changed its name following the refurbishing of the store, but very few people were aware that it had not really become a Seibu operation.
- (5) Blyth (1978) discusses the merits of non-probability sampling and concludes that a random sample may not always be the most efficient and cost effective method.
- (6) Harsh punishments can occur if a high school pupil is caught doing part time work. In some areas around Nagoya, pupils of some junior high schools are expected to wear uniform at all times when in public, including weekends and school holidays. They can be punished if they are spotted by a teacher outside school hours without their uniforms.
- (7) The number of Japanese women who wish to follow a career, and the number who are being given the opportunity to do so, is gradually increasing (see Condon, 1985: pp.213-15). At least in Tokyo, there has been an increase in the number of women taking positions of responsibility over a long term. This has led to a backlash from a frightened Japanese male community. Articles have appeared in the press that describe these women as more masculine than feminine, and hugely overstate the progress made towards sex equality in Japan (see Ato, 1990a; and the reply to the same article, Mauriello, 1990).
- (8) As discussed in chapter 5, the interaction of personality and self-concept with store image and store concept has been studied by others using different techniques (Grubb and Grathwoh, 1967; Grubb and Hupp, 1968; Landon, 1974).
- (9) Nakamura (1990) reports on a view that this reluctance to undertake empirical research at the academic level is the case in many fields, not only in marketing.
- (10) Resnick and Landfield (1961) studied the way in which constructs are not always formed of semantic opposites. They found that, as Kelly had theorised, even where the two poles did seem 'peculiar', they did

represent similar dimensions of experience within the overall construct system. This is also noted by Sampson (1978).

- (1.1) It may be that different constructs would be applied by a person who is posted to London on work, and one who visits as a tourist, but such basic constructs as 'HIGH PRICE - LOW PRICE' would probably be applicable in any situation.
- (1.2) The Japanese transcripts of the interviews have not been translated, and are therefore omitted from the thesis. Further discussion is included in chapter 8.
- (1.3) The word 'image' is a loaded term in the theoretical sense, but it is included in constructs as this was the wording used by the respondents. The English word *image* [イメージ] is in common use as a borrowed word in everyday Japanese conversation.
- (1.4) In Japanese, a store which is 'daunting to enter' can be seen as having positive aspects. A store can convey an air of high prestige which is respected, though perhaps not favoured, by customers. Such an air may make a store 'daunting' to enter, but whether this is a positive or negative aspect depends on a person's point of view. Some consumers will actively use a store partly because it is daunting for others to enter.
- (1.5) Scanning the reviews of surveys published in *Seikatsusha Jōhō*, it seems that high response rates to questionnaires of this type are common in Japan. Many surveys manage 90% response rates even for reportedly 'random' sampling (see chapter 8). The reasons for this are unclear, and may simply be sloppy reporting of the sampling method.



ANALYSIS AND RESULTS OF THE INTERVIEW SURVEY

## 8.1 INTRODUCTION

Discussion of the analysis and results of the survey data is undertaken in two parts, considering the interview survey and the questionnaire survey in turn. The interviews are viewed in the light of the use of repertory grid as an interview technique, and a brief consideration is made of the problems and success of the method. The constructs elicited during the course of the interviews form the main body of data to be considered. Analysis and related discussion is concentrated on the interview data.

The analysis of the questionnaire survey is considered in chapter 9. These data are suitable for more detailed quantitative analysis, but this is secondary to the indepth results produced through the interviews, and from which the questionnaires were developed. Analysis of the questionnaire data was performed using SPSSx, centring on Friedman's two-way analysis of variance by ranks to test for significant differences between the stores as ranked by respondents. The questionnaire data proved to be quite complex in form, and presented a number of handling problems.

The results of the interview survey described in the previous chapter can be seen as two fold. First, the interview methodology is considered. Following this, content analysis of the elicited constructs is described in some detail.

## 8.2 SUMMARY OF DATA RESULTING FROM THE INTERVIEWS

Table 8.1 summarises the completed interviews. As no *sarariman* interview was possible in Nagoya, only nineteen interviews were undertaken. The number of respondents came to 57, split across the five consumer groups - high school

TABLE 8.1

## INTERVIEW RESPONDENTS: CONSUMER TYPE BY SEX AND CITY

C I T Y	SEX	HIGH SCHOOL	COLLEGE STUDENTS	OFFICE LADIES	SALARIED MEN	HOUSEWIVES	SUBTOTAL	OVERALL TOTAL
NAGOYA	Male	—	3	—	—	—	3	1 2
	Female	3	—	3	—	3	9	
YOKOHAMA	Male	2	2	—	3	—	7	1 7
	Female	2	2	3	—	3	1 0	
MITO	Male	—	2	—	3	—	5	1 5
	Female	3	1	3	—	3	1 0	
NAGANO	Male	—	—	—	3	—	3	1 3
	Female	2	3	2	—	3	1 0	
	TOTAL	1 2	1 3	1 1	9	1 2	5 7	5 7



students (12 respondents), college students (13), female office workers (11), male salaried employees (9), and housewives (12).

Further, there were 18 men and 39 women. Men make up 49% of the Japanese population, but, as discussed in the previous chapter, there is strong evidence to suggest that the majority of Japanese shoppers, up to 80% for some retail store types, are women (Creighton, 1988; *Sōrifu Kōhōshitsu*, 1987: pp.2-3). Men shop relatively little. For this reason, the approximate 2:1 ratio of women to men is a reasonable sample. It would have been feasible to avoid male respondents altogether, but this would have omitted the opinions of a fifth of the shopping population and half the consuming population. As the interviews aimed to investigate store perceptions rather than store use, the approach taken was the preferable course.

A total of 206 element stores were used in the interviews. As a number of stores were used in more than one interview, the actual number of stores used in the survey as a whole was 74. These are shown in table 8.2. The same table shows the degree to which respondents were familiar with certain stores. It can be seen that the stores with which respondents were most familiar, ie. those that were chosen for use in all four or five interviews, were generally the larger, city centre stores. Stores which were chosen for only two or fewer out of the five interviews were those with which respondents were less familiar. The number of element stores used in each set of interviews reflects the relative number presented to respondents in the pre-interview questionnaire: 20 in Nagoya, 26 in Yokohama, and fourteen in both Mito and Nagano. Table 8.3 shows that high school students and college students used slightly more element stores overall than the other consumer types.

As table 8.4 shows, a total of 552 constructs were elicited during the assessment of these 74 store elements. The number of constructs elicited in a single interview varied between 19 and 41. The reasons for the disparity in the number of constructs generated per interview relate to time constraints, the number of elements employed in the interview, and the respondents' degree of

TABLE 8.2

## FREQUENCY OF ELEMENT STORE SELECTION BY CITY

FREQUENCY	NAGOYA	YOKOHAMA	MITO	NAGANO	TOTAL
FIVE INTERVIEWS	NO FIFTH INTERVIEW	04 Takashimaya-Nanko 06 Moazu 08 Lumine 09 Yokohama Sogo	02 Isejin 03 Mito Keisei 10 Uny	01 Nagano Sogo 02 Nagano Tokyu 03 Walk 06 Midori Fashion 09 Ito-Yokado 19 Daiei	13
FOUR INTERVIEWS	01 Mitsukoshi-Sakae 03 Matsuzakaya-Sakae 12 Central Park 07 Maruei	03 Mitsukoshi-Hokuko 05 Sotetsu Joinus	01 Marui 04 Roseland 06 EXCEL 07 Seibu 08 Daiei	05 CI 20 Nagasakiya	13
THREE INTERVIEWS	08 Maruei Skyle 05 Meitetsu-Meieki 28 Apita-Meieki	07 Vivre 21 10 Za Diamond	18 Nagasakiya	23 Seiyu-Kawanakajima	7
TWO INTERVIEWS	04 Matsuzakaya-Meieki 02 Mistukosi-Hoshigaoka 09 NOVA 15 Meitesu Seven 18 Daiei-Sakae 14 Meitetsu Melsa-Meieki 10 ANNEX	12 Matsuzakaya-Isesaki 44 Seiyu-Nimatagawa 68 Marui-Totsu 01 Daiei-Nanko	11 Jusco 22 Daily Store	A Sherushe	14
ONE INTERVIEW	23 Uny-Imaie 37 Seiyu-Takabari 19 Daiei-Nariko 33 Uny-Aratama 36 Apita-Midori-ku A Unimoru-Meieki	11 Cial 14 Marui-Isesaki 24 Ito-Yokado-Jodai 27 Mitsukoshi-Jodai 29 Takashimaya-Konan 30 Daiei-Konandai 31 Keihama-Jodaioka 43 Ito-Yokado-Kibo' 48 Sotetsu Rozen-Nimatagawa 66 Seiyu-Totsu 67 Uny-Uekuramachi 71 Chujitsuya-Sankyo 72 Sotetsu Rozen-Sankyo 65 Daiei-Totsu	09 Tawaraya 19 Tsuruya 23 Joyful DIY	40 Matsuya-Sanrin 43 Matsuya-Kawanakajima 44 Matsuya-Wakasato 46 Marui	27
TOTALS No. stores	20	28	14	14	74

## NOTES:

Frequency refers to the number of times a store was chosen out of 5 (4 in Nagoya) interviews per city. Figures within the cells are the codes used on the element cards for individual stores. (see Figures 5, 7, 8, and 10).



TABLE 8.3

NUMBER OF ELEMENT STORES USED BY INTERVIEW

CITY	HIGH SCHOOL	COLLEGE STUDENTS	OFFICE LADIES	SALARIED MEN	HOUSEWIVES	TOTAL
NAGOYA	1 4	1 0	1 3	—	1 2	4 9
YOKOHAMA	1 1	1 2	1 0	1 2	1 0	4 3
MITO	9	1 1	8	1 3	8	3 6
NAGANO	1 1	1 1	1 1	9	9	4 2
TOTAL	4 5	4 4	4 2	3 4	1 5	2 0 6

creativity. These factors are discussed in the next section as results of the interview methodology.

There was a considerable number of similar constructs that were elicited in more than one interview. Most groups repeated one or two basic constructs within the interview, such as 'BIG STORE - SMALL STORE' or 'NEAR THE STATION - FAR FROM THE STATION'. In such cases, the element stores were only evaluated against the construct once in the assessment stage of the interview.

On the basis of experience during the early interviews it was decided that repetitions of constructs would be recorded during the construct elicitation stage of the interview. Repeated constructs were partly a result of respondents trying very hard to think of all the different ways to split triads of elements. If the interviewer omitted these constructs, even though they were repetitions, some respondents appeared to become a little discouraged, and the free flow of ideas and new constructs also became more difficult. Consequently, repetitions were recorded, but skipped over during the assessment phase of the interview.

In all, 125 of the 552 constructs were not used during the assessment stage of the interviews (see table 8.4). Of these, 67 were omitted because they were repetitions of constructs already used for assessment earlier on. The remaining 58 constructs were omitted for a number of reasons. In most cases, the main reason was the pressure of time, with the interviewer skipping over constructs which were similar to ones previously used, or missing out those which seemed to suggest a high degree of impermeability (see below). For some constructs, by the third stage of the interview, respondents no longer found the construct relevant or even comprehensible as a factor against which to judge stores, even though they themselves had elicited the construct only a few minutes previously. This demonstrates the difficulty some respondents suffered putting their feelings and perceptions of stores into words.

In addition to repeated constructs, the earlier interviews generated a larger number of impermeable constructs, ie. those constructs which could only be ranked at the extreme ends of the bipolar scale - scoring 1 or 7. Examples of



these include 'A DEPARTMENT STORE - NOT A DEPARTMENT STORE' (various interviews), or 'BLOOD DONOR TRUCKS PARK OUTSIDE - BLOOD DONOR TRUCKS DON'T PARK OUTSIDE' (Yokohama students interview). 54 of the 427 constructs used in the assessment stage of the interview proved to be impermeable (see table 8.4).

Impermeable constructs can be avoided by careful, skillful interviewing. An impermeable construct such as 'HAS AN ART GALLERY - DOES NOT HAVE AN ART GALLERY' (Yokohama housewives) can be expanded to discover what this differentiation signifies to the respondents. When questioned by the interviewer, it may be found that the construct can be more usefully taken to a deeper level, for example, 'CULTURALLY AWARE - CULTURALLY UNAWARE'.

After impermeable constructs and all those not employed in the third stage of the interview had been subtracted, the total number of usable constructs remaining was 376, or 68% of the total. If this is done for each interview individually, the percentage obtained provides a rough measure of the efficiency of each interview. These are shown in table 8.4.

The success of employing repertory grid as the interview method will be discussed below, but, by using this rough measure of efficiency, it can be seen from the table that the later interviews, which were undertaken with the benefit of experience with the method, showed a higher efficiency in terms of usable constructs. In the final interviews in Nagano, not a single impermeable construct was produced. This is because the interviewer either encouraged respondents to expand the meaning of impermeable constructs, or because unavoidably impermeable constructs were omitted from the ranking stage of the interview. This shows the greater control that was possible when the researcher acted as interviewer. The role of the interviewer is further discussed below.

The efficiency score for the nineteen interviews ranged from 91.7% for the Nagoya office ladies' interview, to 42.8% for the Nagoya high school students' interview, with the average score being 68.8%. The reasons for some interviews proving more effective than others are discussed in detail below, but this depends chiefly on respondents' creativity, and the degree of discretion

TABLE 8.4

## SUMMARY OF INTERVIEW RESULTS: NUMBER OF ELICITED CONSTRUCTS

City and Group		A	B	C	D	E
NAGAOYA	High School	3 5	2 0 (6)	0	1 5	42.8
	Students	3 3	3 (3)	1	2 9	87.9
	Office Lady	2 4	1 (1)	1	2 2	91.7
	Housewives	4 5	6 (1)	8	3 1	68.8
NAGAOYA TOTALS		1 3 7	3 0 (11)	1 0	9 7	70.8
YOKOHAMA	High School	2 8	5 (3)	3	2 0	71.4
	Students	1 9	2 (1)	4	1 3	68.4
	Office Lady	2 7	8 (7)	3	1 6	59.3
	Salaried Men	3 2	1 0 (8)	7	1 5	46.8
	Housewives	3 8	9 (8)	6	2 3	60.5
YOKOHAMA TOTALS		1 4 4	3 4 (27)	2 3	8 7	60.4
MITO	High School	3 3	4 (2)	9	2 0	60.6
	Students	2 6	5 (3)	1	2 0	76.9
	Office Lady	4 1	9 (7)	9	2 3	56.1
	Salaried Men	2 0	2 (0)	2	1 6	80.0
	Housewives	2 0	5 (1)	0	1 5	75.0
MITO TOTALS		1 4 0	2 5 (13)	2 1	9 4	67.1
NAGANO	High School	2 7	4 (2)	0	2 3	85.2
	Students	1 9	5 (3)	0	1 4	73.7
	Office Lady	2 2	8 (1)	0	1 4	63.6
	Salaried Men	3 2	6 (3)	0	2 6	81.3
	Housewives	3 1	1 3 (7)	0	1 8	58.1
NAGANO TOTALS		3 1	3 6 (16)	0	9 5	72.5
TOTAL		5 5 2	1 2 5 (67)	5 4	3 7 3	67.6

Key: A = Total number of constructs generated  
 B = Number of constructs omitted from assessment stage (number of repetitions in brackets)  
 C = Number of impermeable constructs  
 D = Total number of usable constructs  
 E = D/A as a percentage - indicator of interview efficiency.



employed by the interviewer. The degree to which the groups of respondents were able to relax and produce a wide range of imaginative and original constructs was the more important factor of the two. This is illustrated in that both the highest and the lowest scores occurred in the earliest set of interviews in Nagoya.

This measure of interview efficiency remains only a rough indication, and can only be considered in a subjective sense. Ranking the nineteen interviews by their efficiency scores provides no clear indication of which consumer types made most effective respondents. Table 8.5 summarises the average scores and average rank out of five (four in Nagoya) for each consumer type. College student groups had the highest efficiency score and ranked highest of the groups overall. High school students had the lowest average efficiency score, but office lady groups and housewives' groups had the lowest ranks.

TABLE 8.5

AVERAGE EFFICIENCY SCORES AND AVERAGE RANKS BY CONSUMER TYPE

Consumer Type	Average Efficiency	Average Rank over cities
High school students	65.0	2.5
College Students	76.7	2.25
Office Ladies	67.7	3.5
Male salaried employees	69.4	2.67
Housewives	65.6	3.5

### 8.3 THE SUCCESS OF REPERTORY GRID AS AN INTERVIEW TECHNIQUE

Repertory grid (RG) has been employed in a number of previous consumer behaviour and marketing studies (de Chernatony, 1989; Frost and Braine, 1967; Hallsworth, 1987: 1988; Harrison and Sarre, 1975; Hudson, 1974; Riley and Palmer, 1978; Sampson, 1972: 1978). The reasons for employing RG in the present study were detailed in the previous chapter. As there was no previous work using RG in Japan to which reference could be made, the success of the technique was uncertain prior to the interviews being undertaken. This is one reason why the interviews were carried out in careful order, maintaining the option to change the interview method if the technique did not show any early merit.

The first interviews in Nagoya were, on the whole, very successful. During the interviews, respondents were encouraged to relax and discuss the element stores freely. Criticism of stores did not arise very often, but most groups seemed to feel free to say what they thought.

Maintaining a relaxed atmosphere in the interviews was only partly deliberate. In the early interviews the skill of the interviewers was limited, and searching for deeper meaning in respondents' perceptions would probably have proved difficult. After experiencing a number of interviews, it became far easier to control and guide the interview when it was necessary to clarify and expand elicited constructs.

Respondents' perceptions of the element stores were consequently elicited at a fairly shallow level. Deep personal perceptions and opinions were not deliberately elicited, but rather allowed to rise naturally to the surface of the discussion. This was one factor that made it possible to conduct the interviews in groups. On a practical level, group interviewing saved both time and money, the latter being the major factor restricting the number of interviews undertaken. As detailed analysis of the elicited constructs shows (see section 8.7), the resulting data had a depth that reflects the success of the method.



In order to reduce bias from preconceived ideas and expectations, the preset interview conditions were kept to a minimum, and used only as guidelines. These were described previously, and can be summarised as follows:

- the elements were restricted to large stores
- groups were to have three members where possible
- element cards were to be presented in threes
- interviews were to last for one hour

Actual application of existing theory pertaining to store image, choice and loyalty was deliberately avoided in order to allow genuine constructs to be elicited. In other words, constructs were elicited of which consumers are genuinely aware and which were genuinely relevant because of the ease with which they are elicited.

On the other hand, however, there was the risk that respondents may have omitted certain constructs which they were unable to verbalise, or which they were not consciously aware. If such unconscious constructs have a positive bearing on store choice, this would be a serious omission, and is a possible limitation of the results.

A greater limitation would have arisen if the interview method had been more rigidly based on store image theory, or preconceived hypotheses. For this reason, a review of the store image literature has been omitted from the earlier stages of the research, but appears as the basis of the interview results for the purposes of data comparison (see section 8.10.1). This approach was taken as the literature in question emanates from the West, and there is a notable lack of previous work that considers the Japanese consumer as a defined object of study (Nakanishi, 1981). Free and unhindered primary elicitation of constructs was considered to be the favourable approach. The range and volume of constructs generated in only nineteen interviews, suggests that the RG method was totally adequate.

Several aspects of the interview method offer points of note, with particular reference to the Japanese situation. These will be taken in turn.

#### 8.4 ELEMENT STORES: CHOICE AND NUMBER

As shown in table 8.2, 74 stores were considered in the course of the interviews, with each element store being considered between one and five times.

Between eight and fourteen element stores were included in each interview with an average of roughly 11 elements per interview. No optimum number was determined prior to the interviews, but it was found that ten to twelve elements gave easy managability without any unnecessary loss of detail. Less than ten elements were used where the respondents had a low level of mutual familiarity with stores. Only three interviews employed more than twelve elements. These included the two earliest interviews - Nagoya Office Ladies and Nagoya High School Students, when the number of elements remained a case of trial and error, and the Mito *sarariman* interview which was a special case.

In this latter interview, one member of the group had a very low awareness of all the element stores presented. For this reason, constructs were elicited using only eight elements. The remaining two group members were well aware of a larger number of stores, and, as time remained, the number of elements used for the assessment stage of the interview alone was increased to thirteen. This allowed the twenty elicited constructs to be more effectively used for assessment of a larger number of stores. The assessment consequently relied on the judgement of only two of the three members of the group. This is an example of the flexibility of the RG method.

The pre-interview questionnaire proved to be an easy way of generating the element stores for use in the interviews. The only problems arose where there were a large number of stores with which all members of the group were well familiar. After the first set of interviews in Nagoya, it was decided to include up to twelve stores with which respondents were most familiar, with priority being given to department stores, over fashion buildings, over superstores. City centre stores were also preferred. The relatively few stores



in Mito and Nagano provided even greater managability as it was easy to distinguish the most prominent stores in the area.

In Nagoya and Yokohama, it proved more difficult to include examples of superstores with which all respondents were equally familiar. Both cities have a large branch of Daiei near the city centre, but these stores were not well frequented by the respondents as they only provided duplication of superstores near their homes. Few people would travel to the city centre in order to go to Daiei. In Nagoya, high school students and office ladies both claimed inadequate knowledge of any superstore or supermarket, in the city centre or otherwise. This is consistent with the expected shopping behaviour of the different consumer types as described in chapter 7.

In order to balance the different types of stores, at least one superstore was included in each interview, but this proved relatively unsuccessful as some groups had genuine difficulty in eliciting constructs using these stores. In Nagano and Mito, the relative lack of large stores in the city as a whole meant that large superstores in the city centre were visited frequently as they provided a range and volume of merchandise that could not be found in the suburbs. Consequently, the mix of element store types used in Mito and Nagano were more evenly spread than those in Nagoya and Yokohama, with more department stores appearing in the latter two.

It is difficult to suggest an ideal number of elements to be employed in the interviews. Ten to twelve elements provide easy managability for a one hour interview with three respondents in the group. The ideal number is a function of the aims of the interview, the group's creativity, and, to a lesser degree, the skill of the interviewer.

## 8.5 THE INTERVIEWER

For the sake of accuracy, it was originally intended to employ a native Japanese speaker to conduct the interviews. This was done for the first eleven

interviews, but the last eight were conducted by the researcher.

Interview technique, including methods for expanding permeable constructs and focusing general constructs, is described by Stewart and Stewart (1981: pp.30-35). The techniques required to lead the interview require considerable practice. As a different interviewer was used in each of the subject cities, it was difficult for any one person to build up any experience with the method. Having observed the first eleven interviews, it was more efficient, as well as being economical, for the researcher to conduct the remaining interviews.

Interviewers received at least an hour of practice prior to their first interview. There were times when the wording of the constructs was unclear, or seemingly incomplete. In such a case, the interviewers naturally requested some clarification before the construct was recorded. Other than this, the interviewers were only required to speak in order to explain the interview method, and to be polite when acknowledging elicited constructs. Where respondents had great difficulty eliciting constructs, they were encouraged to move the element cards around, or, if this still did not stimulate ideas, the elements were changed.

Tracking, understanding and recording the constructs required a good degree of concentration from the interviewer. For this reason alone, the extra expansion of impermeable constructs was generally omitted. Although the technique is mechanically very simple, the full, detailed application of RG requires a fair amount of practice and understanding from interviewers. In the event, the lack of practice did not seriously damage the success of the interviews, although the later interviews did prove to be more efficient and better focused.

Once experience had been gained, it was not difficult for a non-native speaker to undertake the role of interviewer. Non-fluency in the language requires a more accurate record to be made of respondents' actual wording (see note <sup>(1)</sup> concerning transcripts). Two of the Japanese interviewers employed were marketing academics with an indepth knowledge of the Western store image and



consumer behaviour literature and theory. In both cases, examination of the interview transcripts show a noticable degree of interpretation before some constructs were finally recorded on the data sheet. In addition, in the assessment stage of the interview, rather than simply reading the construct back to the respondents, these interviewers had an occasional tendency to interpret the meaning of some constructs, putting them into marketing terminology.

This does not necessarily mean that the constructs recorded in these interviews were inaccurate or invalid. Although rough transcripts were produced, transcribing the interview tapes proved very difficult to achieve accurately (see note <sup>(1)</sup>). For this reason, there was little point making translations, and the transcripts are omitted from the thesis. In addition, it was not possible to use the transcripts to refer back to interviews in order to correct interviewers' interpretations. It was decided, therefore, to ignore this problem, and take the recorded data sheets as the final interview records.

In future, however, this problem would need to be recognised as a way in which bias may enter the results, as the respondents' wording is interpreted into theoretical expectations before data collection has even been completed. Use of untrained experts in marketing as interviewers should best be avoided as the technical or theoretical terminology they often use may not be understood by respondents, and this may introduce inaccurate assumptions about the way in which respondents truly perceive stores. <sup>(2)</sup>

## 8.6 RESPONDENTS: GROUPS, GROUP SIZE AND RESPONDENT CREATIVITY

### 8.6.1 USE OF GROUPS

For the respondents, the RG interviews proved to be a simple, and often a very enjoyable exercise. The aim of the exercise, ie. to elicit constructs that accurately reflect respondents' perceptions of stores, was generally achieved. Problems arose where, despite the pre-interview questionnaire, respondents had

few or only very simple perceptions of certain element stores, and where, for some reason, the group proved to be rather reticent and unwilling to provide original constructs.

Stewart and Stewart (1981: pp.81-84) suggest a method of employing RG with a group of respondents. They maintain the emphasis on indepth, personal construct elicitation and conclude by recommending that groups should not be used for RG.

The decision to use RG in the present case was discussed in chapter 7. In this case, personal constructs were not elicited. Respondents were actively encouraged to discuss the triad of element stores and help each other develop new ideas and clarify their thoughts.

The way in which Japanese respondents react in this type of focus group interview situation would make an interesting study in itself for market research purposes. Occasionally, a single member of the group would individually put forward a construct, but, on the whole, this did not occur. More usually, one member of the group would suggest a construct, almost always in a tentative manner. This would then be taken up and supported by another member of the group, discussed, clarified and refined by all the members of the group together. Finally a consensus agreement on the appropriate way of splitting the three element stores would be arrived at by all members of the group together. On other occasions, where no support arose for a particular individual's idea, it would immediately be dropped, with the proposer being unwilling to discuss the idea further.

On the other hand, a simple, but slightly negative construct was occasionally suggested by one respondent. Often this may have been no more than, "This one's a bit, what can I say? Well, . . .you know, its a bit. . ." (Mito housewives). This unspecified doubt would then be taken up by a second respondent, and finally the third. After a short discussion, where clear consensus agreement arose, the resulting construct could be comparatively negative, even to the point of criticising particular stores. This process



occurred quite often when negative constructs were elicited, and would seem to suggest that it may be a common method of voicing criticism in situations such as a market research study. The extent to which these kinds of 'consensus' response occur, and any notable biasing affect it has on the data would be an excellent subject for future investigation.

#### 8.6.2 GROUP SIZE

The decision to set the number of members in a single interview group to three was quite arbitrary, but proved to be very suitable. In groups of four, which occurred twice in Yokohama, discussion proved slow and constructs difficult to elicit. In both cases, one member of the group became dominant and one very reluctant to speak. In groups of three, respondents appeared more relaxed and all members of the group seemed to feel free to put forward ideas.

The two cases where only two people were available for interviews both occurred in Nagano. They contrast as being one of the most difficult interviews undertaken, and one of the easiest.

The first was the office lady (OL) interview. One respondent failed to attend, and the two remaining respondents were strangers to each other. Being young and rather shy, neither was prepared to speak over the other, and encouraging discussion proved very difficult. The result was a small number of constructs, many of which were only recorded after some rather reluctant prompting from the interviewer, and included several unusable constructs. This was not the only interview where the respondents were unknown to each other prior to the interview, the same being true of the Nagano housewives, Nagano salaried employees and the Nagoya housewives groups. In these cases, the presence of a third member allowed the consensus making process to occur. Where two unfamiliar people were alone, it was too easy for one member to appear to overrule or up-stage the other, and this was deliberately avoided by the Nagano OL group.

The third member of the Nagano high school students' interview also failed to appear. The respondents in this case were class mates and good friends. Discussion progressed naturally and many original constructs were elicited. This does not mean that the two respondents were of the same opinion - one openly favoured Midori Fashion Building while her friend preferred the C-1 stores, but, being friends, they were able to disagree without being rude to one another.

It may be that the same situation would appear if a similar study was conducted in other countries. Conceivably, however, the strict social conventions found throughout Japanese society may have contributed to the inhibitions of the Nagano OL group. Again, this may be an area to be investigated in future studies.

The way in which the RG method was adapted for use in the study allowed the effort of groups to be pooled. It is unlikely that all members of a three person group will have equal difficulty in eliciting constructs. Where the group members are at least known to each other prior to the interview, social inhibitions are reduced. This may be considered to override the problem of bias entering the data collection by using group members from similar backgrounds.

### 8.6.3 RESPONDENT CREATIVITY

Sampson (1972) discusses the problem of respondents' creative ability in eliciting constructs. He suggests that individual creativity is a major factor in the number and range of constructs that are elicited. Respondents who are generally uncreative produce fewer and poorer constructs. Again, where groups of three people are used, this problem is generally alleviated.

The average number of constructs elicited in the interviews was 29. In nearly all cases where twenty or less constructs were elicited, time pressures forced the interview to be kept to within an hour. In the case of the Yokohama students' interview in which only nineteen constructs were recorded, review of the transcript revealed that respondents actually suggested a number of possible



constructs that the interviewer had failed to record. This was the first time this interviewer had conducted an RG interview.

In the third stage of the interviews, when the element stores were assessed on a seven point scale against the previously elicited constructs, problems arose which reflected the unwillingness of respondents to criticise, and their varying ability to distinguish creatively between stores arose. This was often the most difficult part of the interview, and the different consumer types presented a number of different problems.

As mentioned previously, Fields (1988a: pp.99-100) outlines the problem of obtaining a valid spread of results from this kind of scale assessment method when studying Japanese respondents. A seven point scale was chosen in order to make the assessment as sensitive as possible without being unnecessarily wide.

Several of the groups found difficulty in assessing element stores in such a structured, quantitative way. It required a final judgement to be made, often seeming to imply relative criticism of one or more of the element stores. This was something that many of the groups were reluctant to do. It was not, however, a universal difficulty, with some groups quickly and easily making the appropriate assessment, critical or otherwise. It is difficult to generalise from such a small sample, but the younger groups appeared to be far less concerned with making measurable value judgements concerning the stores with which they were aware. Older groups were the opposite.

None of the high school groups showed any difficulty in assessing element stores against their elicited constructs. They understood the concept of the seven point scale quickly and easily, and placed element stores along the scale with little hesitation. In most cases, significantly different views did not occur, and if discussion was necessary, it was rarely over a shift of more than one or two points on the scale. High school students also showed no obvious worries about using the extremes of the scale, allocating scores of both one or seven freely and with few doubts.

Most of the college student groups handled the scale with similar ease. The

Nagoya college student interview was particularly interesting because two respondents were of very different views as regards one store in the city: one being highly critical, the other wanting to take a more neutral line. With the third member of the group often acting as a kind of mediator, this led to detailed, and sometimes quite heated discussion as to the correct relative assessment of the different stores on the scale. In some of the other groups one individual would prefer to take the extreme end of the scale against a particular construct, but the other members of the group would insist that the store should be judged more towards the centre. Similar, uninhibited discussion occurred in all college student groups.

On the other hand, the housewife groups proved consistently difficult to interview, especially when it came to the scale assessment. It was found that, on the whole, while these groups were able to distinguish high-medium-low, and place a particular element store at one of these three points. They had far greater difficulty in responding to the detail of a seven point scale. Consequently, housewife groups preferred to equate stores on the same score when they were perceived as even a little similar. Often without any obvious consideration, different branches from the same chain of stores were perceived as being identical. The accepted view appeared to be that, for example, 'A Seiyu is a Seiyu is a Seiyu.'

It may have been that the level of familiarity differed between the various element stores employed in the study, so reducing the accuracy with which assessments could be made, but this does not explain why problems arose in the housewife groups in particular. Either housewives have a less sensitive perception of certain store types, or, for some reason, are less able or willing to respond critically in this kind of artificial assessment situation. Both points were born in mind when analysing the questionnaire data, but equally they could present further bases for investigation of market research techniques in Japan.



Analysis of the constructs elicited during the interviews consisted primarily of a simple content analysis.

Using Japanese word processing software, the 552 elicited constructs were recorded on floppy disc. Each construct was labelled by interview city, interview group and construct number, and were split into two separate columns in order to distinguish clearly between the two poles of the construct.

They were then sorted into Japanese character order with a normal wordprocessing sort facility. This is simply the Japanese equivalent of alphabetical order. It is a little more complicated in that Japanese has three separate scripts, and one of these, *Kanji* (Chinese characters), frequently has several possible phonetic readings for each single character. This meant that hand sorting was further required due to a number of similar constructs being recorded in different scripts and so being sorted into different positions in the list.

This sorting process was carried out once for the left hand pole of the constructs and then again for the right hand pole. Following this sorting process, similar constructs were easily identified, and a reduction process could then be carried out. Similar constructs were identified and a number of obvious categories were formed.

The process of categorising the 552 constructs was done by hand, simply by putting obviously related sets of constructs together. After two or three runs through the complete data set, and subsequent confirmation by a Japanese professor acting as expert judge and language advisor, the constructs were reduced to the twelve categories shown in table 8.6. It is clear from the table that there is a heavy concentration into the first six categories, all of which accounted for over 10% of the total number of constructs. These first six are briefly described below with some translated examples.

TABLE 8.6

CATEGORISATION OF THE 552 CONSTRUCTS GENERATED IN THE INTERVIEWS

	CATEGORY	No. of CONSTRUCTS	% of total
①	Merchandise assortment	1 0 7	19.20
②	Location and travel convenience	7 6	13.77
③	Intangible factors	7 1	12.86
④	Motivational factors to use store	6 4	11.59
⑤	Clientele	6 2	11.24
⑥	Store facilities, layout, fittings	6 2	11.24
⑦	Company image	3 2	5.79
⑧	Store type and function	3 0	5.44
⑨	Price	1 5	2.73
⑩	Credit facilities and Vouchers	1 5	2.73
⑪	Special Events and Promotions	1 2	2.17
⑫	Promotion and Advertising	7	1.27
TOTAL		5 5 2	100.00



### 8.7.1 CATEGORY 1: PRODUCT ASSORTMENT

Of the 552 constructs, 106 (19.2%) were constructs which related to the merchandise in the store. This was by far the largest category. The constructs included in this category were directly concerned with the stores' products and merchandise, both in terms of volume and assortment. The following are representative examples of elicited constructs:

STOCKS MANY BRANDED GOODS	⇒ STOCKS FEW BRANDED GOODS
HAS A WIDE PRODUCT ASSORTMENT	⇒ HAS A NARROW PRODUCT ASSORTED
GOODS ARE ALWAYS FASHIONABLE	⇒ GOODS ARE ALWAYS THE SAME
GOOD STORE TO BUY HIGH QUALITY GOODS	⇒ STOCKS LOW QUALITY GOODS

Within the category, constructs relating to foodstuffs, brands, merchandise fashionability, product assortment and product quality were very common.

With the merchandise providing the main reason for visiting the store, it is natural that product assortment should turn out to be the chief concern of many shoppers. <sup>(3)</sup> Three out of the twenty factors included in the questionnaire were taken from this category.

### 8.7.2 CATEGORY 2: LOCATION AND TRAVEL CONVENIENCE

Not surprisingly with the generally crowded nature of Japan as a whole, the convenience and physical location of the stores was perceived as very important by respondents. This category was easily distinguished as a whole, having few borderline or ambiguous constructs to consider. Nearness to railway stations, parking facilities, location within a city, general ease or difficulty of reaching the store, and the convenience of reaching the store were all very commonly elicited constructs.

When considering parking facilities, the respondents elicited constructs

concerned with the volume of parking space available, and the ease of use. Several interview groups noted that many car parks were very cramped, making parking difficult and sometimes frightening. The problem of car parking came up seven times during the Nagano interviews, with two groups, the housewives and *sarariman* groups noting that some parking was very narrow. The Nagoya housewives group made the same point.

While this was the second largest category out of the twelve, the constructs generally were very similar and fairly predictable. For this reason, only one construct from this category was used in the questionnaire.

### 8.7.3 CATEGORY 3: INTANGIBLE FACTORS

The third category was the least easy to define. In it were included all constructs which pertained to the store image, atmosphere, reputation, or feelings about the store or some aspect of the store. Where the construct clearly related to a concrete aspect of the store, such as merchandise, structure, layout, clientele and so on, it was included in the other categories.

The constructs included in this category were varied. The following are some examples:

IT HAS A BRIGHT ATMOSPHERE	⇒	THE ATMOSPHERE IS GLOOMY
IT IS A <i>SHINISE</i> <sup>(4)</sup>	⇒	IT IS A MODERN STORE
IT HAS A COMMON, WELCOMING FEEL	⇒	IT IS PRESTIGIOUS AND DIFFICULT TO ENTER
THE CEILINGS FEEL LOW AND OPPRESSIVE	⇒	THE STORE IS BRIGHT AND CHEERY
YOU CANNOT WEAR FLIP-FLOPS TO SHOP THERE	⇒	IT IS A RELAXED, EASY GOING STORE
IT HAS A RUSTIC, UNFASHIONABLE FEEL	⇒	IT IS AN URBAN, GO-AHEAD STORE

The number of constructs of this type was quite large. This demonstrates the degree to which Japanese shoppers become involved with the stores they use. For Japanese shoppers to develop these kinds of feelings and be able to articulate



them so well and in such detail suggests that they are well aware of how they expect and prefer stores to be.

It is noticable that negative factors were often generated as the first, ie. right side, pole in this case. The most frequent responses were concerned with how relaxed or stressed the respondents felt when entering the store, and the general reputation of the store, most usually in relation to the store's age and traditional nature. In this way, these constructs demonstrate the importance of tradition and prestige in shoppers' assessment of department stores.

Four constructs were taken from this category for inclusion in the questionnaire. This was because the subject stores chosen for the questionnaire were chiefly those with a higher profile from each city, and mainly department stores. They are also the constructs which allow for the greatest range of personal judgement, with the other construct categories taking more of a straight forward 'yes or no' form.

#### 8.7.4 CATEGORY 4: MOTIVATIONAL FACTORS FOR STORE USE

Around 11.6% (64 constructs) were identified as being related to the reasons that respondents chose a store. There was some overlap between this category and Category 1 (product assortment). The categorisation of some of the constructs was altered by the Japanese expert judge. Where products were mentioned with particular purchase intentions in mind, for example purchasing gifts, they were included in this category. Constructs referring to the frequency with which respondents used the store, and the way in which the respondents used the store were also included here. The following are representative examples:

A GOOD STORE FOR WINDOW SHOPPING   ⇒  YOU CANNOT WINDOW SHOP HERE  
SHOP HERE FOR O-SEIBO AND O-CHUGEN   ⇒  SHOP HERE FOR PERSONAL GIFTS  
A FAMILIAR STORE, VERY EASY TO USE   ⇒  UNFAMILIAR AND NOT USED VERY OFTEN

ONLY USE WITH A PURCHASE IN MIND      ⇒ I GO THERE JUST TO LOOK AROUND<sup>2</sup>  
I USUALLY GO THERE WITH FRIENDS      ⇒ I USUALLY GO THERE WITH FAMILY

As respondents' own reasons for using a store can be seen as the most significant, four constructs were taken from this category for inclusion in the questionnaire. At the same time, three of these were ambiguous cases relating to either the product assortment or intangible factors about the store.

#### 8.7.5 CATEGORY 5: CLIENTELE

The number of constructs concerned with the stores' clientele was surprisingly large. This, again, was a fairly easy category of constructs to identify with few ambiguous cases. Frequently, stores were identified very clearly as being most suited for a particular age group and often a particular sex. Stores which were more suited to the young were most readily identified. On the other hand, high school and college student interview groups were quick to identify stores whose clientele were above their own age range.

It has already been noted a number of times that shopping is mainly the role of the Japanese woman. This factor also appeared in the interviews. Stores where men could shop easily were important to male respondents. This may seem an obvious point, but there would appear to be a relatively large number of stores at which the male respondents felt uncomfortable when shopping. Fashion Buildings in particular were seen as stores for young women, with many selling mainly womens' fashion.

Stores which were suitable for families were also noted. This may be a growing trend as more young, nuclear families come into existence in the major urban areas. Large retail developments cater increasingly for their needs.

Due to the importance which the interview respondents placed on clientele at stores, four constructs were chosen from this category for inclusion in the questionnaire. One of these, 'It is currently a popular store' (No. 14 - see



table 8.7 below) is very ambiguous in terms of the construct category, as it could equally be included in either the intangible constructs category or the motivational factor category. It can be considered as relating most to the volume of people which use a store, however, and was originally included in this category.

#### 8.7.6 CATEGORY 6: STORE FACILITIES, FITTINGS AND LAYOUT

Unsurprisingly, a large number of constructs related to the physical facilities available at the store. Sixty-two constructs were included in this category, the same number as for the Category 5 (Clientele). Some of the constructs in this category were simple and impermeable, merely indicating the existence of cinemas, art galleries, dental surgeries and other services at the stores.

Other constructs considered the layout of the store. The detail to which some respondents are aware of the layout and spatial aspects of some stores was remarkable. Stores with inconvenient elevators or escalators were quickly noted upon, even to the extent of suggestions being made as to where would be most suitable for the escalators to be positioned. The Mito OL and high school students, and the Nagoya OL groups all made this point. The tone and colour of lighting was often remarked upon. The age and condition of the building itself was seen as of great importance by many respondents, as was the degree of cleanliness within the store.

Also included in this category were seven constructs relating to quality of service from shop assistants. All except one of these originated as a note of poor service in particular stores, with good service being taken for granted. One construct, from the Nagano *sarariman* group, did note that in one store the large number of shop assistants made shopping easy and convenient. Interview groups in every city except Nagano, expressed dislike for stores where shop assistants would not leave customers alone to browse while they made their

choice.

Only two constructs were concerned with the store's wrapping service or carrier bags, and two with product displays. It is unclear whether this low number is because respondents were unconcerned with these matters or simply took them for granted. It can be assumed that in the case of wrapping, most shoppers in Japan take good wrapping for granted.

Two constructs were included in the questionnaire from this category.

#### 8.7.7 CATEGORIES 7 AND 8: COMPANY AND STORE BUSINESS

The remaining six construct categories were smaller, and generally self-explanatory. Categories 7 and 8 both dealt with the stores at a more corporate level, considering the image of the company as a whole, and the type of store, as seen through the respondents' eyes.

Category 7 was made up of constructs which were mainly concerned with the retail company's business - whether it was a local or national company, a single outlet or a chain, and whether it originated in the Kansai area around Osaka or the Kanto area around Tokyo. Interestingly, ten of the 32 constructs in this category were elicited by the *sarariman* groups (see section 8.8 for further discussion).

Category 8 was made up of those constructs which simply stated the store's business, ie. a supermarket, a department store, a fashion building or otherwise. The number of speciality stores operating as tenants within the store, and the number of in-store restaurants was also noted in this category.

#### 8.7.8 CATEGORY 9: PRICE

Only fifteen constructs were found to be related to price, Category 9. One reason for this is the very narrow range of constructs which could be included in this category. Credit card facilities and store vouchers also relate to price,



but make a category on their own. There is very little that a respondent could have said about the prices charged at a store; they are either high or low. Judgements concerning the quality of brands and merchandise which were included in Category 1 also relate to price in some way. The number of constructs which can unambiguously fit into this category may still, however, be considered to be relatively low.

Further analysis revealed that only one unambiguously price related construct was elicited in both Nagoya and Yokohama, with seven price related constructs arising in Mito and six in Nagano. This suggests that price is far less a concern to people in the larger cities. Although it is unclear as to why this may be, a generally higher degree of affluence, higher average earnings and a greater range of shopping alternatives in the larger cities are probable influencing factors.

This difference in the degree of price sensitivity between large and small cities could be a point for further investigation. For the time being, due to the theoretical importance of price in shopping behaviour, and the relationship of price with the level of store prestige, two constructs from this category were included in the questionnaire. One of them, however, was amended to make it more ambiguous and more related to store preference. This was 'Given the money, I'd shop here often' (No.20 - see table 8.7).

#### 8.7.9 CATEGORY 10: CREDIT FACILITIES

Category 10 is a relatively large category including constructs specifically relating to credit facilities and shopping vouchers available for use at the store.

Store credit cards are a rapidly expanding part of large retailing in Japan, with most large chains having a store card, some of which are linked with major credit card companies such as Visa or Mastercard. Some of the larger retail groups, notably Daiei and Seibu, have large credit card businesses in addition

to their normal retail business. As credit cards are one of the few ways available to Japanese shoppers to obtain small discounts at some large stores, they are factors about which consumers are well aware.

Store vouchers or *Shōken* [商券], on the other hand are provided by all large department stores and some superstores. They are a common and convenient alternative to giving goods during the traditional gift giving seasons. These vouchers most commonly have a face value of ¥5,000 or ¥10,000 and are redeemable for any purchase at a particular department store. <sup>(5)</sup> There is a flourishing secondary market in these vouchers with the resale price reflecting the current popularity and prestige of the department store. The constructs elicited were concerned with the availability and the use of these vouchers. Some vouchers were accepted by stores other than the named department store. This construct was elicited twice during Yokohama interviews.

#### 8.7.10 CATEGORIES 11 AND 12: IN-STORE PROMOTION AND ADVERTISING

The final two categories both related to store promotion. Category 11 included twelve constructs concerning promotions and special events within the store, not all of which were events which served to promote the store. Category 12 had seven constructs all concerned with promotion and advertising of the store in the community in general. Both categories of constructs were spread quite evenly between the four subject cities. They were included as separate categories because they formed obvious, unambiguous sets of constructs.

#### 8.7.11 SUMMARY AND FURTHER ANALYSIS

Constructs from categories 7, 8, 10, 11 and 12 were all considered to be either too broad or too obviously observable for inclusion in the questionnaire. A summary of the twenty constructs used in the questionnaire is repeated in table 8.7 with the number of the construct's category added in the final column.



TABLE 8.7

TWENTY PERCEPTION FACTORS EMPLOYED IN THE SURVEY QUESTIONNAIRE

(Translation)	CONSTRUCT GROUP
(1) I often go to this store.	④
(2) The prices charged here reflect a high class image.	⑨
(3) High quality brands are stocked here.	①
(4) The customers are smartly dressed.	⑤
(5) It is a bright, lively store.	③
(6) It has a easy, everyday, friendly image.	④
(7) The store's location is easy and convenient to reach.	②
(8) It is a store that local people identify with.	⑤
(9) It has a feel of a store for young people.	⑤
(10) It is a store with a long tradition and one you can trust.	③
(11) A wide range of goods, selling almost everything.	①
(12) Service from shop assistants is very good.	⑥
(13) The store is clean inside.	⑥
(14) It is currently a popular store.	⑤
(15) It stocks many items I would like to buy.	①
(16) It is a daunting store to enter.	④
(17) It is an enjoyable store to browse in.	③
(18) This store suits my own personal image.	④
(19) It is a good store to buy <i>o-seibo</i> and <i>o-chugen</i> .	③
(20) Given the money, it is a store I'd like to use always.	⑨

This simple content analysis was extended in two ways. First, the eliciting interview groups for each of the twelve categories were considered.

#### 8.8 HYPOTHESIS 1: RANGE AND DEPTH OF STORE PERCEPTION

Having considered and categorised the data from the nineteen interviews, it is now possible to consider the five hypotheses first presented at the end of chapter 6.

The first hypothesis, H1, was as follows:

H1: Japanese consumers have a clear and detailed perception of the stores that form the elements of their awareness set.

For the present, H1 can only be considered subjectively, but it is suggested that the volume and variety of constructs elicited suggests that the hypothesis should be accepted. The range of subject matter covered under the broad title of each of the categories described in the previous section also demonstrates the depth to which respondents know and are involved with stores of which they are aware.

High school students and college students in particular were able to talk at length about certain stores. The high school student group in Mito not only noted that the lack of a down-elevator in Marui was inconvenient and a disincentive to use the store, but also that the existing up-elevator was too far away from the main door.

The Nagoya office ladies' group was very enthusiastic about the underground shopping malls in the city. One described walking along them as being like sitting at the window of a train and watching the world go by, but being able to stop the train and get off at a favourite or eye-catching store. Such vivid images indicate a very high degree of shopping awareness. The same can be said for all the younger groups interviewed.

The groups of housewives tended to be concerned with more practical aspects of the stores they used, notably food products, parking space and price or



credit facilities. Again, their knowledge of the associated problems or advantages of using different stores was often very detailed. While three of the housewives' groups had some difficulty in handling the assessment scale in the final part of the interview, they were quite willing to talk in detail about particular problems with stores. The difficulty of using parking, usually due to narrow spaces came up several times in the Nagano interview.

The Nagoya housewives objected to being harassed by shop assistants when they merely wished to browse. This point was also made by the Yokohama student group, who added that, being young customers, they were frequently encouraged to begin a credit account with the store and use the store credit card. Marui stores, which are based on credit card sales to young people, are infamous in this respect. <sup>(6)</sup>

The housewives group in Nagoya also complained that manufacturer pricing in Japan meant that the price was left on the package even when the item was sent as a gift. This was especially a problem with seasonal gifts when the customer simply indicates the item and provides the retailer with the recipient's name and address. As described previously, the store then does the rest, including wrapping the products in the store's own paper, and delivering it to the recipient's home. As these types of gift product are purchased in bulk from wholesalers and manufacturers, price display and promotion materials are sometimes included within the original packaging. Whereas the price counts often as much as the thought in Japan, it is preferable for the actual price to be left to the recipient's judgement.

In a similar way, the Yokohama housewives' group were concerned with where to find the best prices for food products, while balancing the ease and convenience of reaching the store in question. Again, parking space and parking difficulty were cited as more important factors in their store choice. As was mentioned above, this group was also interested in the topic of store vouchers, both as gifts and as means of obtaining small discounts at certain stores.

Mito housewives were quite proud of Mito's low food prices, which are

apparently due to the prefecture being a major vegetable producing area. The group expressed sympathy for people living in other regions, especially the big metropolitan areas, because of the high food prices. The degree to which the price of food in Mito is relatively lower than in other major cities is unclear, but the group claimed that prices of other products such as clothing were also relatively low.

The same group did feel the provinciality of the city in some ways. The convenience of the major superstore chains was commented on, because of their 'national' distribution networks. It was said to be easier and more reliable to use these stores to send gifts to people in other regions. The store would simply arrange to send the chosen gift from a local distribution point. The relative lack of such stores in Mito, being restricted chiefly to Uny, Daiei and Seibu, was said to be inconvenient. With the expansion and efficiency of overnight parcel services that are becoming available everywhere, this is perhaps not such a large problem as the group suggested.

Although the *sarariman* groups were generally less interested in shopping as a whole, many respondents' knowledge of the business aspects of some retail companies was greater than for other groups, even down to knowing the banks which finance the different retail groups.

Each of the three *sarariman* groups interviewed did show some interest in a fairly narrow range of shopping activity. The Nagano group were most interested in clothing. They noted that Nagano was a very poor place to shop for clothes, and that the latest fashions arrived months after they went on sale in Tokyo and Osaka shops. The group said they preferred to shop in Matsumoto which has a small, but trendy Parco Fashion Building.

The Mito *sarariman* group, while generally uninterested in shopping, were quite keen on DIY, and introduced the Mito 'Joyful' store into the discussion - a roadside DIY store on the outskirts of the city.

The *sarariman* group in Yokohama were interested in cheap, bargain price clothing and car parts and accessories (they were all Toyota employees). They



had a good knowledge of the local discount stores, particularly the Daikuma stores which form part of the Ito-Yokado group. Price was a major consideration, and they noted that they could often obtain simple car parts more cheaply at the discount stores than they could through their own company.

The office ladies' groups varied in their knowledge of and interest in stores. The Nagoya and Mito groups, who respectively provided one of the most successful and one of the least successful interviews, have been mentioned above. The Mito OLs, like the Nagano *sarariman* group, noted the difference in the availability of fashion clothing between Mito and Tokyo. Whereas this was a problem in Nagano, the group noted that fashions reached Mito quite quickly. They claimed to visit Tokyo fairly regularly to window shop, but said that they would usually wait and buy what they had seen and liked in Tokyo when it arrived in Mito, where the price would be much lower.

In addition to the 552 constructs elicited, these various anecdotal points from the interviews suggest, on the whole, that the respondents were very aware of the stores they knew and used, and some of them were quite strongly involved with the stores. This supports the first hypothesis that consumers will have a clear and detailed perception of stores. H1 is, therefore, accepted on a subjective basis.

## 8.9 HYPOTHESES H2 AND H3: ANALYSIS OF CATEGORIES BY FREQUENCY COUNT

### 8.9.1 CONTINGENCY TABLES OF CONSTRUCTS BY CITY AND CONSUMER TYPE

Having established the twelve original categories, each was compared by city and by consumer type. Tables 8.8 and 8.9 summarise this data.

Briefly scanning the two tables, differences in the frequency counts in each of the cells suggest the existence of a number of anomalies. For example, in table 8.8 fewer Category 1 constructs were elicited in Yokohama than in the other three centres, and fewer Category 4 constructs were elicited in Nagoya.

TABLE 8.8

552 CONSTRUCTS BY CATEGORY AND CITY

		CITY				
	CATEGORY	NAGOYA	YOKOHAMA	MITO	NAGANO	Total
①	Product	29	17	34	27	107
②	Location	20	23	16	17	76
③	Intangible	23	17	13	18	71
④	Motivation	13	21	11	19	64
⑤	Clientele	12	18	12	20	62
⑥	Store	16	19	20	7	62
⑦	Company	5	11	10	6	32
⑧	Store type	7	8	9	6	30
⑨	Price	1	1	7	6	15
⑩	Credit	5	5	3	1	14
⑪	Events	4	3	4	1	12
⑫	Promotion	2	1	1	3	7
		137	144	140	131	552



TABLE 8.9

552 CONSTRUCTS BY CATEGORY AND CONSUMER TYPE

		CONSUMER TYPE					
	CATEGORY	High School	Student	Office Ladies	Salaryman	Housewives	Total
①	Product	19	21	26	14	27	107
②	Location	17	8	18	15	18	76
③	Intangible	19	14	12	5	21	71
④	Motivation	16	13	12	7	16	64
⑤	Clientele	16	10	10	15	11	62
⑥	Store	15	12	13	6	16	62
⑦	Company	7	4	5	11	5	32
⑧	Store type	5	4	8	5	8	30
⑨	Price	3	4	3	2	3	15
⑩	Credit	1	2	3	1	7	14
⑪	Events	4	2	4	2	0	12
⑫	Promotion	1	3	0	1	2	7
Total		123	97	114	84	134	552

Several other points of interest appear to be distinguishable in both table 8.8 and 8.9, but arbitrarily comparing the cells has only limited value. Being two dimensional contingency tables, it is possible to analyse the frequencies in each of the cells to test for significant differences in the numbers of constructs elicited by different consumer types and in different cities. At the same time, this provides an opportunity to consider hypotheses H2 and H3 as presented at the end of the previous chapter.

A chi-square test for k independent samples (Siegel and Castellan, 1988: pp. 191-200; Wright and Fowler, 1986: pp.79-82) was performed on the two tables using SPSSx. It was found, however, that in both tables more than 20% of the cells had expected frequencies of less than 5. As this may produce unreliable results, the twelve categories were further rationalised in order to produce cells with expected frequencies of 5 or greater in all cases.

#### 8.9.2 RATIONALISATION FROM TWELVE TO SEVEN CATEGORIES

By combining related sets, the number of categories was reduced to seven (see table 8.10 - the number of the original category or categories is given in the final column). These seven categories were employed solely for the purpose of the chi-square analysis described below. For other analysis, the original twelve categories described above were used. The new categories were as follows:

i. PRODUCT ASSORTMENT and PRICES: This category combines the preliminary Categories 1 and 9. This was a fairly straight forward combination as the two factors are directly related. As explained above, the number of unambiguous price related constructs was only fifteen. This means that a price related category was not large enough to stand alone.

ii. MOTIVATIONAL FACTORS: This category combines preliminary Categories 4 (Motivational factors and Store use) and 10 (Credit facilities and Vouchers).



TABLE 8.10

RATIONALISED CONSTRUCT CATEGORISATION

	CATEGORISATION	No. of Constructs	% of Total	Cate- gory Origin
i	Product assortment, quality, price	1 2 2	22.1	①+⑨
ii	Motivational factors	7 8	14.1	④+⑩
iii	Location and travel convenience	7 6	13.8	②
iv	Shopping area and space	7 4	13.5	⑥+⑪
v	Intangible factors	7 1	12.9	③
vi	Company,store condition,facilities	6 9	12.5	⑦⑧⑫
vii	Clientele	6 2	11.2	⑤
TOTAL		5 5 2	100.0	

It was reasoned that the widespread use of store credit cards and store vouchers, and the discounts available through many of the store cards will often make them motivational factors in consumers' choice of store.

iii. LOCATION AND TRAVEL CONVENIENCE: This category was left unchanged, being Category 2 above. The obvious, unambiguous nature of the majority of the constructs included in this category has already been discussed. It would have been difficult to combine it with others.

iv. SHOPPING AREA AND SPACE: Preliminary Category 6 (Shopping facilities and store layout) was combined with preliminary Category 11 (Special events and promotions). This is a logical combination, as special events and promotions become part of the facilities and attraction of many stores.

v. INTANGIBLE FACTORS: Preliminary Category 3 was left unchanged. The constructs relating to intangible factors were previously identified above.

vi. COMPANY, STORE TYPE AND FUNCTION: This new category combined preliminary Categories 7, 8 and 12. All three categories are easily identifiable as being related to the central retail business. The identification of many of the constructs in this category was fairly straight forward, with a large number of impermeable constructs involved.

vii. CLIENTELE: Preliminary Category 5 was also left unchanged.

Having rationalised the preliminary twelve categories into the above seven, a chi-square was performed on the two rationalised contingency tables, taking each of the two hypotheses in turn. The chi-square is appropriate as interviews of each of the consumer types and in each of the cities can be considered independent, with the data in discrete categories.



### 8.9.3 CHI-SQUARE TEST 1: CONSTRUCT CATEGORY BY CONSUMER TYPE

At the end of the chapter 6 the second hypothesis was presented as:

H2: Store perception constructs are similar across different consumer groups.

H2 forms the null hypothesis for the first chi-squared test and, with the alternative hypothesis was operationalised as follows:

H2<sub>0</sub> : The proportion of constructs in each of the seven categories is the same for each consumer type.

H2<sub>1</sub> , The proportion of constructs in each of the seven categories differs across the consumer types.

The significance level was predetermined with  $\alpha=0.05$  and N as the number of constructs elicited overall, ie. 552. Under the null hypothesis  $\chi^2$  is given by the following equation:

$$\chi^2 = \sum_{i=1}^r \sum_{j=1}^k \frac{(n_{ij} - E_{ij})^2}{E_{ij}}$$

where  $n_{ij}$  = the observed number of constructs in the  $i$ th row of the  $j$ th column  
 $E_{ij}$  = the expected number of constructs in the  $i$ th row of the  $j$ th column, calculated by:

$$E_{ij} = R_i \cdot C_j / N$$

where  $R_i$  = the total number of constructs in the  $i$ th row  
 $C_j$  = the total number of constructs in the  $j$ th column.

$\chi^2$  is approximately distributed as  $\chi^2$  with the number of degrees of freedom ( $df$ ) calculated by  $df = (r-1)(c-1)$ , where  $r$  is the number of rows, and  $c$  is the number of columns. In this case,  $df = (7 - 1)(5 - 1) = 24$ , which, with  $\alpha=0.05$ , gives the critical  $\chi^2$  as 36.42 (see table in Siegal and Castellan, 1988: p.323).

TABLE 8.11

OBSERVED AND EXPECTED FREQUENCIES OF CONSTRUCTS BY CATEGORY: CONSUMERS

CONSTRUCT CATEGORIES	HIGH SCHOOL		COLLEGE STUDENTS		OFFICE LADIES		SARARIMAN		HOUSEWIVES		TOTAL
	$n_{1j}$	$E_{1j}$	$n_{1j}$	$E_{1j}$	$n_{1j}$	$E_{1j}$	$n_{1j}$	$E_{1j}$	$n_{1j}$	$E_{1j}$	
i	22	27.2	25	21.4	29	25.2	16	18.6	30	29.6	122
ii	17	17.4	15	13.7	15	16.1	8	11.9	23	18.9	78
iii	17	16.9	8	13.4	18	15.7	15	11.6	18	18.4	76
iv	19	16.5	14	13.0	17	15.3	8	11.3	16	17.9	74
v	19	15.8	14	12.5	12	14.7	5	10.8	21	17.2	71
vi	13	15.4	11	12.1	13	14.3	17	10.5	15	16.8	69
vii	16	13.8	10	10.9	10	12.8	15	9.4	11	15.5	62
TOTAL	123	123.0	97	97.0	114	114.0	84	84.0	134	134.0	552

KEY:  $n_{1j}$  = observed frequencies  
 $E_{1j}$  = expected frequencies for chi-square calculation (see text).



Actual and expected frequencies are given in table 8.11. Employing SPSSx:

$$\chi^2 = 25.625$$

This is not significant at the 0.05 level. Therefore,  $H_{2_0}$  is accepted. It was concluded that the number of constructs in each category does not vary by the consumer type.

#### 8.9.4 CHI-SQUARE TEST 2: CATEGORY BY CITY

The third hypothesis,  $H_3$ , was given at the end of chapter 6:

$H_3$ : Store perception constructs are similar in cities of varying size and structure

This was operationalised as follows:

$H_{3_0}$  : The proportion of constructs in each of the seven categories is the same for each city.

$H_{3_1}$  , The proportion of constructs in each of the seven categories differs across the four cities.

The process for the chi-square test was as described in the previous section. Table 8.12 gives the observed and expected frequencies for constructs in categories by each city. With  $\alpha=0.05$ , and  $df = 18$  (calculated as above),  $\chi^2$  is 28.87. Using the values in table 8.12, the result is:

$$\chi^2 = 29.934$$

This result is significant at the 5% level, and  $H_{3_0}$  is rejected in favour of  $H_{3_1}$ . It was concluded that the number of constructs elicited in each category differed across the cities studied.

#### 8.9.5 ANALYSIS OF STANDARDISED RESIDUALS AND DISCUSSION

The above chi-square analysis revealed that there was evidence of

TABLE 8.12

OBSERVED AND EXPECTED FREQUENCIES OF CONSTRUCTS BY CATEGORY: CITY

CONSTRUCT CATEGORIES	NAGOYA		YOKOHAMA		MITO		TOKYO		TOTAL
	$n_{ij}$	$E_{ij}$	$n_{ij}$	$E_{ij}$	$n_{ij}$	$E_{ij}$	$n_{ij}$	$E_{ij}$	
i	30	30.3	18	31.8	41	30.9	33	28.9	122
ii	18	19.4	26	20.3	14	19.8	20	18.5	78
iii	20	18.9	23	19.8	16	19.3	17	18.0	76
iv	20	18.4	22	19.3	24	18.8	8	17.6	74
v	23	17.6	17	18.5	13	18.0	18	16.8	71
vi	14	17.0	20	18.0	20	17.5	15	16.5	69
vii	12	15.4	18	16.3	12	15.7	20	14.7	62
TOTAL	137	137.0	144	144.0	140	140.0	131	131.0	552

KEY:  $n_{ij}$  = observed frequencies  
 $E_{ij}$  = expected frequencies for chi-square calculation (see text).



significant differences in the number of constructs per category by city, but not by consumer type. Having obtained this result, the same data was used to investigate where the differences may lie. This was achieved by considering the standardised residuals (Siegal and Castellan, 1988: pp.197-8). Residuals are the discrepancies between the observed and expected values. Using the same notation as given above the residuals for each cell,  $e_{ij}$ , are calculated as:

$$e_{ij} = \frac{n_{ij} - E_{ij}}{\sqrt{E_{ij}}}$$

with standardised residuals,  $d_{ij}$ , calculated by:

$$d_{ij} = \frac{n_{ij} - E_{ij}}{\sqrt{E_{ij}}} \sqrt{\left[ \frac{N - C_j}{N - R_i} \right]}$$

As  $N$  becomes large,  $d_{ij}$  has an approximate normal distribution with mean 0 and variance 1. With  $\alpha=0.05$ , standardised residuals that exceed  $\pm 1.96$  (necessarily a two-tailed test) will be significant. SPSSx generates standardised residuals rounded to one decimal place, but for accuracy, they were calculated to two decimal places using the formula above. These are presented in tables 8.13 and 8.14.

Only two cells show significant standardised residuals. These are marked by asterisks in the table. Yokohama respondents elicited fewer constructs than could be expected under random conditions in Category I (Product and Price). In the same way Nagano respondents elicited fewer constructs than respondents in other cities in Category IV (Shopping Area and Space). It may be concluded that these are the only two points where the four cities differ to any significant extent.

Some reasons for these results may be tentatively presented. The greater volume of products available in Yokohama, enhanced by the proximity of

TABLE 8.13

RATIONALISED CONSTRUCT CATEGORISATION BY CITY:  
STANDARDISED RESIDUALS

		CITY			
	CATEGORISATION	NAGOYA	YOKOHAMA	MITO	NAGANO
i	Product and Price	-0.05	-2.38*	1.78	0.73
ii	Motivational factors	-0.30	1.17	-1.22	0.33
iii	Location and travel	0.24	0.67	-0.70	-0.22
iv	Shopping facilities	0.35	0.57	1.11	-2.15*
v	Intangible factors	1.20	-0.35	-1.09	0.27
vi	Company conditions	-0.69	0.43	0.55	-0.32
vii	Clientele	-0.80	0.41	-0.93	1.28

Standardised residuals calculated as of Siegal and Castellan (1988: p.199):

$$d_{ij} = (n_{ij} - E_{ij} / \sqrt{E_{ij}}) \sqrt{(N - C_j / N - R_i)}$$

where  $n_{ij}$  = the actual cell frequency  
 $E_{ij}$  = the expected cell frequency  
 $N$  = the total sample, ie. 552.  
 $C_j$  = the column total  
 $R_i$  = the row total



TABLE 8.14

RATIONALISED CONSTRUCT CATEGORISATION BY CONSUMER TYPE  
STANDARDISED RESIDUALS

		CONSUMER TYPE				
	CATEGORISATION	High School	Students	Office Ladies	Salarymen	Housewives
i	Product and Price	-1.00	0.80	0.76	-0.63	0.07
ii	Motivational factors	-0.09	0.34	-0.26	-1.12	0.89
iii	Location and travel	0.02	-1.44	0.56	0.99	-0.09
iv	Shopping facilities	0.58	0.27	0.42	-0.97	-0.44
v	Intangible factors	0.76	0.41	-0.67	-1.74	0.85
vi	Company conditions	-0.58	-0.32	-0.33	1.97	-0.41
vii	Clientele	0.55	-0.26	-0.74	1.79	-0.97

Standardised residuals calculated as of Siegal and Castellan (1988: p.199):

$$d_{ij} = (n_{ij} - E_{ij} / \sqrt{E_{ij}}) \sqrt{(N - C_j / N - R_i)}$$

where  $n_{ij}$  = the actual cell frequency  
 $E_{ij}$  = the expected cell frequency  
 $N$  = the total sample, ie. 552.  
 $C_j$  = the column total  
 $R_i$  = the row total

retailing in Tokyo, may make factors relating to physical product of less importance to consumers. The great variety and choice available to people in Yokohama may lead to shoppers being less involved with the merchandise available to them. Although the remaining standardised residuals for this category were not significant, it can be noted that the result for Nagoya, the other large city in the study, was also negative, while the results for the smaller cities of Mito and Nagano were both positive.

The lack of emphasis placed on shopping facilities in Nagano may be a reflection of two factors. First, as has already been mentioned, Nagano is by far the most isolated of the four cities, being situated in the Central Japan Alps. The city is flat, and population density is very low by Japanese standards. Large buildings, stores or otherwise, are less conspicuous due to the relatively large amount of free space in the city as a whole.

There are three medium sized fashion buildings with the usual complement of fashion brand speciality stores. On the other hand, Nagano is unusual in having a number of free standing boutiques located in a small area of the city behind the main Tokyu Department Store. These include Pink House, Jean-Paul Gautier, and Melrose, all of which usually operate as tenant stores in other cities. The use of free standing outlets also illustrates the de-emphasis of large stores in the city centre.

Secondly, Nagano is in what the Japanese call "snow-country" (*Yukiguni* [雪国]). The city is often snow covered for up to three months a year. It is normal for residents of cities like Nagano to use spiked tires throughout the winter months, seriously damaging roads and creating a large amount of dust and sludge. Consequently, the exterior of many of Nagano's buildings can become unattractive for several months a year. This may also contribute to the significantly few constructs being elicited in Nagano which related to shopping facilities.

On the other hand, the result may reflect a relatively lower shopping involvement, again perhaps due to the difficulty of visiting stores during winter months. This point could be made the subject of more detailed future



investigation.

#### 8.10 HYPOTHESIS H4: RELATING THE DATA TO WESTERN LITERATURE

The fourth hypothesis presented above was as follows:

H4: Freely generated store perception constructs will resemble store 'image' factors employed in previous literature.

Comparison of the collected data with previous (ie. Western) literature is subject to individual opinion, but similarities are apparent. This hypothesis is the basis for detailed discussion of the previous literature relating to store image. It is difficult to give an accurate assessment, but, by considering various aspects of the previous literature, the hypothesis can be generally accepted.

Store perception and the operational measurement of store image are very similar. Two differences can be seen in terms of the store image literature. First, the preconceived nature of many studies of store image mean they have measured researchers' or managers' expectations of store image rather than customer perceptions. At best, they are measuring customers' perceptions of preconceived expectations.

Secondly, in relation to the previous point, image studies have tended to concentrate on positive attributes of stores. That is, the issue in many studies appears to have been one of, "what are our strong points?" rather than, "what are our weak points?"

It is accepted that clientele from different socioeconomic backgrounds, those with different shopping objectives, and those employing different shopping frequencies all develop different store images. As stores can claim to target their customer market fairly accurately, there is a valid case for concentrating on the strong points of a store as perceived by its recognised target customers. For many managers, a store's image is thus defined by a number of positive attributes relating the store's operation to its target

customers. It should be recognised that a negative store image will be held by some of the store's potential customers. Consumers' perceptions of the store, as opposed to research defined image, will vary over a complete range of positive, negative and neutral attributes.

In the present study, an investigation of Japanese consumers' perceptions of stores was made. No potentially biasing assumptions were made based on past work or managerial expectations of image. For this reason, the basis of the work is the conscious knowledge of, and preference for, stores within the awareness sets of consumers. The relation of store perception and store preference was the basis of the literature review presented in chapter 5.

The majority of previous studies have emphasised the measurement rather than the interpretation of store image. Peterson and Kerin (1981) noted that there was still no single accepted definition of store image, and called for work to produce a consensus definition. Although their own studies appear to avoid this, the authors did consider problems of image measurement and survey techniques.

Arguably, a review of Western literature pertaining to store image could have been included in the thesis at an earlier point, and certain key references were cited in chapter 5, but the omission of this detailed discussion up to this point has been deliberate. While the inclusion of the following review is necessary in view of the way in which the survey developed, it is included at this point for two reasons. First, there has been a tendency for past studies to concentrate on 'image measurement' rather than definition or application (Peterson and Kerin, 1981).

Secondly, and more importantly, the direct application of the measurement factors with which the bulk of the literature is concerned would have been detrimental to the research objectives. As already discussed, prior application of ideas appearing in previous studies was actively avoided. Japanese consumers' perceptions of large stores were considered deliberately in isolation from previous work in order to obtain as pure and unbiased data sample as possible. This now having been done, along with some basic analysis, a



review of Western literature relating to store image provides a ready point of comparison. In this way the discussion of past, Western studies becomes most applicable and forms a part of the survey analysis rather than being part of the survey development.

#### 8.10.1 WESTERN STORE IMAGE: A LITERATURE REVIEW

Studies of store image have been common since the 1950s, although some authors quote studies from as early as 1936 (Pathak et al, 1974, quoting Greyser, 1973, quoting Wyckham et al., 1971). Martineau (1958) provided the first impetus to store image research. This article provides a wide ranging presentation of ideas concerning a store's 'personality.' Subsequent studies have developed from this pioneering work, and to a great extent, Martineau's ideas have been born out by later studies. His definition is still often used for its simplicity and intuitive accuracy:

" . . .store personality or image. . .is the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes."

(Martineau, 1958: p.47)

Martineau's discussion ranges from the basic physical attributes of a store to the store's symbolic meaning for the consumer. He notes that a store's perceived image is often individual to a single shopper (Martineau, 1958: pp.48-49). Further, he suggests that a shopper's choice of store will often be made on the basis of subjective perceptions, prior to consideration of the store's physical offering of merchandise or locational convenience. He discusses the store's physical attributes, advertising, personnel and the possible anomalies between management and customer perceptions. These are all aspects that have appeared again and again in subsequent literature, and are all points which were brought out in the constructs elicited during the present study.

A number of studies appeared in the early 1960s. The high profile images of

particular department stores were the subjects of several early studies including Myers (1960), Weale (1961) and, in part, Rich (1963). All three studies employed open response data collection methods.

Fisk (1961), building on Martineau's earlier ideas, further developed the concept of store image to include both tangible and intangible factors relating to the store. The same image factors or image components are used as stimuli for data collection, for the purposes of data interpretation, or for both. Fisk presented thirty 'determinants of the cognitive dimensions of store image' grouped into the following six broad areas:

1. Locational Convenience
2. Merchandise Suitability
3. Value for Price
4. Sales Effort and Store Services
5. Congeniality of Store
6. Post Transaction Satisfaction

(Fisk, 1961:p.5)

With the exception of the sixth group (consumer satisfaction), the thirty factors presented are tangible and relatively easy to determine. It can be seen that the general nature of the six groups shows some similarity to the twelve categories developed from the Japanese interview data in the present study.

Similar 'image factors' or 'image components' have been used in numerous studies since Fisk (see Rich and Portis, 1964). The semantic differential (Osgood et al., 1957) and other similar dichotomous scales have been used in many studies for the ease and flexibility they provide (see Arnold et al., 1978; Bellenger et al., 1976; Burstiner, 1974; Doronoff and Tatham, 1972; Doyle and Fenwick, 1974; Egan, 1971; Hansen and Deutscher, 1977; James et al., 1976; Kelly and Stephenson, 1967; Lessig, 1972: 1973; Nevin and Houston, 1980; Pathak et al., 1974; Perry and Norton, 1970; Peters and Kuhn, 1970; Prasad, 1972; Singson, 1975; Stephenson, 1969; Tillman, 1967; Wyckham, 1967). By taking a number of tangible and intangible factors relating to the store, such a scale can be used to produce data in a quantifiable form that allows 'hard' statistical analysis. This has often been considered as preferable to



collection of qualitative data through open response formats.

Predetermined image factors and measurement scales provide problems of their own. Kunkel and Berry (1968) and Berry (1969) (see also Burke and Berry, 1974) observe that image is dependent on individual consumers' experience of a store, stating:

"...image may be defined as discriminative stimuli for an action's expected reinforcement. Specifically, 'retail store image' is the total conceptualised or expected reinforcement that a person associates with shopping at a particular store . . . at any one point in time [store image] is the result of previous differential reinforcement in the context of the store."

(Kunkel and Berry, 1968: p.22)

Working on these lines, the authors note that predetermined factors measured on semantic differential scales or similar, force responses concerning presumed attributes of store image. Respondents may or may not perceive the store in the same way as the researchers or managers who developed the scale. In addition, the scale may still be invalid even where it was developed through a smaller pilot study. This is supported by evidence that perceptions differ between consumer groups, and so between one individual and another, whether consumer, manager or researcher (see Burstiner, 1974; Cardozo, 1974; Dodge and Summer, 1969; Doronoff et al., 1972; Egan, 1971; Marcus, 1972; Möller and Van den Heuvel, 1983; Rich and Portis, 1964; Singson, 1975; Sirgy and Samli, 1985; Tigert et al., 1981; Weale, 1961; Wyckham, 1967). The danger of miscomprehension is considerable where store image components are predetermined 'from the armchair' (Oxenfeldt, 1974).

Nevertheless, the use of 'image factors' as measurement check points has remained common because of the ease of application and the ability to apply quantitative analysis to the results. Care is needed, however, that the store's 'image' does not become defined by the measurement tool.

With the exception of the minor problem of using experts in marketing theory as interviewers in some cases, the repertory grid method proved successful as a free and open response technique in the present study. A broad set of data was

collected in the interviews. These data appear to accurately illustrate the way in which Japanese consumers perceive large stores. The point at which the study (and the data) come to resemble that of previous studies of store image is through the categorisation of these perception factors in the analysis stage of the research.

Several studies have recognised limitations and problems with both the measurement by scales and open response surveys. Some have compared the results across different types of study and in different situations, but have generally failed to do more than aggregate the results over two methods (Arnold et al., 1978; McDougall and Fry, 1974; Menzies and Elbert, 1979; Peterson and Kerin, 1981).

Various other methods have been tried. These vary between the two extremes of totally free response and hard, predetermined measurement scales. One approach has been to leave the measurement tool unaltered, but to consider different and more sophisticated forms of analysis for basically similar data.

Doyle and Fenwick (1974) and Doyle and Sharma (1977) tackled the problem by employing multidimensional scaling analysis to increase the degree of sophistication at the analysis stage. At least in the first of these two studies, the authors still partially employed predetermined scales for their original data collection, although these were partly determined through a small pilot study.

Singson (1975) also employed multidimensional scaling in combination with factor analysis. Again, for data collection purposes, 36 paired image differentials were used with a 7-point scale.

In the same way, Marks (1976) considered the inadequacy of the analysis, rather than the measurement technique, to be at fault. Factor analysis and multiple regression analysis were used in an attempt to identify the key image components. The data collection tool was thirty bi-polar differentials judged on a 7-point scale. The thirty stimuli were derived from a previous study by May (1971).



Another approach has been to attempt the definition of store image through the application of models with varying degrees of mathematical complexity (Hilderbrandt, 1988; Lessig, 1972 and 1973; Möller and Van den Heuval, 1983). This is not the best approach when one considers that what is being dealt with is basically an intangible phenomenon most suited to qualitative investigation techniques. The result is that the more complex studies tend to become concerned with the measurement tool rather than what they are measuring. While this kind of study is necessary to a certain degree, many become too confined by prior assumptions to serve as useful additions to the overall understanding of consumers' perceptions of stores.

A number of studies have attempted to avoid constraining the data collection through tenuous assumptions. To do this successfully, the data collection methods employed tend towards free response techniques. As the present study shows, this does not mean that some form of stimuli cannot be used.

These studies make greater use of free response surveys. As with a number of quantitative studies considered above, Jain and Etgar (1976) concluded that the problem was one of the analysis. In this case, however, the authors used a free response approach in order to avoid applying researchers' assumptions to the data collection. The data collected was subjected to a rigorous form of content analysis, considering the way specific nouns and phrases had been applied to stores by the respondents. By having respondents consider eight stores, 3,828 associated nouns and phrases were elicited. The authors categorised these into nineteen groups, in an eight (store) by nineteen (group) table. The frequencies recorded in this table were then subjected to multidimensional scaling analysis.

A similar content analysis of the elicited 552 constructs is discussed below. The approach also resembles applications of repertory grid to consumer perception research carried out in Britain (Hallsworth, 1987; Coshall, 1985; Opacic and Potter, 1986). These are briefly summarised by Hallsworth (1988).

Other free response approaches have varied in their complexity and imagination. Hansen and Deutscher (1977) provided respondents with a large

number of possible image characteristics to freely apply to predetermined stores.

Cardozo (1974) prepared a peg board with each store represented by a single peg. Respondents were required to arrange pegs in such a way that stores which they perceived as similar were grouped together. An ideal store was also included. (1) With this technique Cardozo could show by the simple perceptual separation of stores produced that stores with different product offerings were perceived differently by consumers.

Mazursky and Jacoby (1986) provided a folder of information describing and illustrating various aspects of a number of differentiated hypothetical stores. They required respondents to freely evaluate the various information in the folders in the hope that the formation of 'store images' resulting from this evaluation could be studied. While it can be easily recognised that there will be some difficulty in accurately measuring consumers' first impressions of new stores, the approach used in this study does appear to be a little too abstract.

In almost all cases, whether determined prior to the survey or as part of the data collection itself, researchers return to the identification of 'image factors' or 'components' for the purposes of measurement. The approach in the present study was to investigate Japanese consumers' perception of large stores from an assumed zero knowledge base. While acting as a pilot study for the later questionnaire survey, the interview stage of the survey produced core data. These data provide some key determinants of Japanese consumers' perceptions of stores.

Being a large list of 552 Japanese language constructs, the most useful way to find meaning from within the data was to condense it into a manageable number of categories (as done by Opacic and Potter, 1986; and to a degree by Hallsworth, 1987). Although not deliberate, it may be that the reasoning employed by the researcher and the expert judge to categorise the data had been influenced by their knowledge of previous work on store image. Fortunately, as the analysis of perception categories was undertaken only after the initial survey was complete, it is not biased to an unreasonable extent.



This approach allows the categorisation of the interview data to be judged on the basis of previous store image studies in the West. It also lends more validity to the subsequent questionnaire designed on the basis of the interview survey. In a similar, but less sophisticated way, Davies (1987) and James et al. (1976) both adopted the strategy of careful development of survey constructs through pilot studies prior to the main body of the survey. Both studies considered perceptual factors of stores, with Davies looking at factors relating to specific stores, and James et al. taking perceptions of stores in general.

The approach used in the present case has been similar to that used by Davies. Constructs were elicited concerning the same subject stores that were later used in the larger questionnaire survey. The study is similar to that done by James et al. in that the interview respondents can be considered a small subset of those who replied to the questionnaire survey. Davies also employed a number of other sources, such as store advertising, to develop the measurement scales used as part of his pilot study.

The way in which this study differs, and is perhaps unique, is the emphasis that has been placed on the interview stage of the research. This was far more than a pilot study, providing the detailed data required to begin to understand Japanese consumers' perceptions of stores. Only a small number of previous studies concerning store image were uncovered during the process of searching the Japanese literature. In every case, the approach used was the 'classic' Western image survey, requiring respondents to evaluate stores against a battery of researcher determined factors or components (Ichikawa, 1987; Kajiyama, 1986; Karazawa and Iwabayashi, 1988; Morota, 1985; Yokota, 1986).<sup>(8) (9)</sup> It is believed that the present study has extended such studies by investigating consumer perceptions at their source.

### 8.10.2 CATEGORISATION OF STORE PERCEPTION

There is a clear need to categorise the data. Reviewing studies of store image up to the mid 1970s, Lindquist (1974) identified nine commonly used image factors or attribute categories. These were as follows:

- Merchandise
- Service
- Clientele
- Physical Facilities
- Convenience
- Promotion
- Store Atmosphere
- Institutional Attributes
- Post Transaction

(Lindquist, 1974: pp.33-35)

From among these nine categories, Lindquist observed that 7 particular attributes had been observed or hypothesised in at least a quarter of the 26 studies he reviewed. These were:

Attribute	Scholar Mentions	Frequency
Merchandise Selection or Assortment	42%	11
Merchandise Quality	38%	10
Merchandise Pricing	38%	10
Locational Convenience	35%	9
Merchandise Styling, Fashion	27%	7
Service, General	27%	7
Salesclerk Service	27%	7

(Lindquist, 1974: p.36)

Lindquist concluded that the descriptors of retail store image "are to be found to varying degrees among the attributes" listed above. He noted that merchandise related attributes were dominant. This strongly supports the categorisation developed in the present study, with 107 of the 552 constructs being categorised as merchandise related (Category 1 above).

A similar, detailed review of literature since Lindquist has not been uncovered, but it can be assumed that the kind of attributes employed for measurement of store image have changed little. "It can be seen from Lindquist's list that the main attribute groups all refer to factors which



retail managers consider as part of their retail marketing mix. The need for image studies to be of positive use to managers is a natural one, and it follows that many studies should lean towards achieving this goal (Hilderbrandt, 1988; May, 1974; McClure and Ryan, 1968; Oxenfeldt, 1974; Pathak et al., 1974). Peterson and Kerin (1981) have criticised the adaptation of image studies carried out as part of consultancy work for use in academic papers. They suggest that such practice may preclude the advancement of the theoretical aspects in preference for immediately applicable results.

On the other hand, Rosenbloom (1981) has noted that while the majority of studies aim to be of some relevance to retail management, this has introduced a bias towards managers presupposed expectations and ideas. The author notes three different image policies employed by retailers:

1. MARKET BASED STORE IMAGE STRATEGY - which attempts to set store image in relation to empirically identified target market segments, on the basis of the 'store choice evaluative criteria' employed by that segment of consumers.
2. INTERNALLY BASED STORE IMAGE STRATEGY - usually the image is a traditional one held by long serving store managers or even store founders who are concerned with maintaining the status quo.
3. TRADE BASED STORE IMAGE STRATEGY - which aims to follow industry peers by emulating the image of other successful stores in the same line of retail business.

Rosenbloom concludes that the second two strategies, which do not take into account the true store perceptions of consumers, have disadvantages for the store in terms of flexibility and innovativeness. He argues that image strategies need to be market based in order to achieve congruency between store image and consumers' perceptions of the store.

In other words, the starting point for a practical store image strategy must be detailed investigation of consumers' store perceptions.

The present study resembles previous Western work on store image in the type of categorisation developed for the elicited data, and it takes the consumers' point of view from the outset. The resulting constructs can be seen as truly valid illustrations of consumers' perceptions of large stores.

However, the resulting twelve categories do not form a perfect match to what may have been expected if the study had been based on hypotheses developed from the Western literature. Each of the twelve categories developed here have been employed or elicited in previous Western studies. Category 1, Merchandise Assortment, mirrors the results of Lindquist's review as Japanese consumers' perceptions give merchandise related constructs the most weight. On the other hand, the store location could be seen as particularly important in the Japanese context because of the troublesome nature of commuting in such a crowded country - no matter how efficient the inner city transport system manages to be. Relatively, however, both of these factors cannot be said to be anymore, or any less important than in the West.

A similar emphasis on intangible and atmospheric constructs as revealed in Category 3, and the relatively few constructs concerning price (Category 9) are results that would not have been expected after considering the Western literature alone. This may suggest areas for investigation of Japanese characteristics of store perception, and further analysis is required.

Similarities and contrasts between the 552 interview constructs and Western store image literature is made via a further content analysis.

#### 8.10.3 CONTENT ANALYSIS OF CONSTRUCT DATA BY NOUNS

As the comparison of these twelve categories with previous Western work can only be achieved on a subjective basis, the 552 constructs were subjected to one further content analysis. Again, using basic Japanese word processing



facilities, each construct was reduced down to the key nouns or descriptive adjectives used in the construct.

In other words, each individual construct was edited down to its most basic wording. Where the construct was a direct opposite, eg. 'HAS GOOD MERCHANDISE ASSORTMENT - HAS BAD MERCHANDISE ASSORTMENT,' it was stripped to a single noun 'ASSORTMENT'. Simple adjectives such as good/bad or many/few are unhelpful when taken alone and so omitted, but more descriptive adjectives such as clean, bright and so on, were included. Where a construct stated clean - dirty, for example, the positive pole of the construct (ie. 'clean') was taken alone. Most constructs were reduced to one or two key words though this method.

Once this process was complete, 999 key words were identified. The majority of these appeared only once, but twenty-two words appeared more than ten times during the construct elicitation process. These are given in table 8.15.

In some cases, the same Japanese noun was given in more than one form. Where the form was virtually identical, for example 食料品 (*Shokuryōhin*) and 食品 (*Shokuhin*) - both meaning food products, they were included together. In other cases, where the sorting process separated nouns of similar meaning, but with a different phonetic form, for example 百貨店 (*Hyakkaten*) and デパート (*Depāto*), both meaning department store, they were included separately. This helped to simplify the process over a very large number of words. Further semantic combination of various nouns would not change the final grouping in any significant way.

In general, this further analysis only serves to support the categorisation process undertaken previously and to emphasise the similarity of the elicited constructs to the results of previous, Western studies of store image.

Referring to table 8.15, merchandise related factors are the most prominent. More precisely, [FOODSTUFFS] and [APPAREL] received direct mentions. Other words, [THING or ITEM], [PRODUCT], [BRAND] and [ASSORTMENT] are also directly related to the merchandise in the stores - accounting for more than a quarter of the 22 most frequently elicited nouns.

TABLE 8.15

ANALYSIS OF KEY NOUNS AND NOUN PHRASES FROM 552 CONSTRUCTS

KEY WORD TRANSLATION	Frequency	JAPANESE
Foodstuffs	29	食料品、食品、
Feeling/Impression	21	感じ
Young/Young type	20	若者、若向け、若い
Shop	19	店
Station	18	駅、駅前
Thing, item	18	物
Product	17	商品
Super	17	スーパー
High Class	16	高級
Place, Location	16	場所
Brand	14	ブランド、ブランド物
Image	14	イメージ、イメージ的
Established store	13	老舗
Local	13	地元
Apparel	11	衣料
Assortment	11	品揃え
Car Park	11	駐車場
Unpretentious	11	庶民的
Convenient	12	便利
Centre, Central	10	中心
Department Store	10	百貨店
Specialist	10	専門的



Five more nouns, [STATION], [PLACE], [LOCATION], [CAR PARKING], [CONVENIENT] and [CENTRE] all relate to the location and convenience of stores. This, again, supports the categories previously suggested, emphasising the importance placed on location and convenience in the survey. A further noun, [LOCAL] was taken from constructs concerning either location or reputation of the store, a local store being seen as friendly and easier to use.

The remaining ten words relate to only three more categories, namely Category 3 (Intangible Constructs), Category 5 (Store Clientele), and Category 6 (Store Type and Function).

From the first of these only one keyword emerges, [YOUNG PEOPLE]. Three similar words were included in this group, all relating to stores that were geared towards young people. The reason that this particular age group should be so prominent was due to the sampling bias in the interviews. Two of the five consumer types, high school students and college students were quick to pick out the types of stores which suited them.

Five of the most common nouns are related to the constructs categorised as intangible - [FEELING, IMPRESSION], [HIGH-CLASS], [IMAGE], [ESTABLISHED STORE] (*shinise* [老舖]: see note (4)), and [UNPRETENTIOUS]. The other words relate to the feel or image which the store possesses, but which do not necessarily relate to the physical aspects of the store. [HIGH CLASS] was variously used by respondents to refer to the store, the clientele, the merchandise and the shop assistants. Consequently, constructs containing this noun were spread over a number of categories in the preliminary analysis. The noun phrase taken alone is out of context in this case, but illustrates the importance attached to the overall quality and prestige of the store.

The Japanese word *shominteki* [庶民的], translated as [UNPRETENTIOUS] above, is difficult to classify. The meaning is somewhat ambiguous being 'popular, common' (Masuda, 1974: p.1603). While sometimes used as the opposite to 'high class,' this was not always the case. The word was commonly used to express the feeling that the store was easy and friendly to use. While some stores were

considered rather snobbish and embarrassing to enter, a store which was *shominteki* was relaxed and friendly.

Finally, as may be expected, four of the most frequently elicited expressions were directly concerned with the function of the store: [SHOP], [*supā*], [DEPARTMENT STORE] and [SPECIALIST]. The frequency with which these words were used is not surprising considering the subject matter. [DEPARTMENT STORE] was mentioned slightly less frequently than [*supā*], simply because, as explained above, there are two expressions in common use for department store, while the word *supā* has a more general, wide ranging usage. The word *depāto* (department store [デパート]) was mentioned five times, so, taken together, *Hyakkaten* and *Depāto* were mentioned with approximately the same frequency as *supā*.

#### 8.10.4 CONCLUSION TO CONTENT ANALYSIS AND HYPOTHESIS H4

The conclusion to this section must be that, although no prior objective was formed to equate the research with past studies undertaken in the West, the resulting data does show some clear similarities to the Western literature in the way it was classified. This may have a lot to do with the method of organising the 552 elicited constructs, ie. the researcher's and the expert judge's previous knowledge of Western literature. There are clear parallels, however, with hypothesised or elicited data from Western studies, both in the twelve categories of constructs produced, and in the most frequently mentioned words and expressions. For this reason, it may be concluded that the way in which Japanese people perceive stores, at least to the extent to which they can verbally express that perception, is similar to that in the West.

Differences do exist. Most notably, a different degree of importance is placed on the various categories. Merchandise is the most important factor in both Japan and in the West, and the Japanese place similar, high emphasis on store location and travel convenience.



On the other hand, the respondents placed far less importance on price. Price is considered more in terms of the quality of the store and of the merchandise than as an independent factor. This result was partly due to the concentration on higher profile department stores and fashion buildings. Had the survey been designed using predetermined image constructs developed from literature, price would have been included with some priority. The non-emphasis of price illustrates the success of the survey method, producing a result that would not have otherwise been expected.

Intangible factors such as store atmosphere, the store's status and the store's clientele receive greater prominence in the perceptions of Japanese consumers than in the West. It may be, however, that such factors have received less emphasis in the West because of deliberate avoidance on the part of researchers and retail managers who require more quantifiable data.

The importance of intangible factors in Japan cannot be ignored. Indeed, as has been discussed in some detail above, Japanese stores are very keen to create differentiated outlets on the basis of such intangible factors (see chapters 4 and 6). By manipulating store design, displays, special promotions and in-store services, as well as advertising and merchandise assortment, differentiation is sought at the store, and even store department level. The results of the interviews suggest that such a strategy may be at least partly led by consumer expectations and preferences.

## 8.11 QUANTITATIVE ANALYSIS OF INTERVIEW DATA

### 8.11.1 INTRODUCTION

The content of the 552 constructs elicited during the nineteen interviews has now been discussed in detail. The one remaining aspect of the interview stage of the survey was the seven point scale employed to assess each of the subject stores in the interviews. This provides sets of ordinal data suitable

for a variety of analytical techniques. On the other hand, analysis is restricted as each interview presents a separate data set with different stores and different constructs being used in each.

The data elicited during the assessment stage was analysed with two objectives in mind. First, it provides an opportunity to compare perceptions of the different types of store used in the interviews. Secondly, as the data set is relatively small and easily handled, but in form is basically the same as the data collected through use of the questionnaire, it presents an opportunity to see the results produced through different analytical techniques. It was decided to employ nonparametric analysis of variance in order to investigate differences between perceptions of the subject stores. The data was applied to multidimensional scaling in order to experiment with its usefulness for application to the larger questionnaire data set. For all statistical analysis undertaken in the study the Statistical Package for the Social Sciences (SPSSx) was used.

#### 8.11.2 DATA CODING

The data from the interviews were relatively simple to code. The data from each interview were coded separately into nineteen separate matrices. For the purpose of cluster analysis in SPSSx (see below) which takes each row of a matrix as a case and clusters the cases together, the matrices were arranged with the stores forming the rows and the constructs being the columns.

As was noted above, only 373 of the 552 constructs were used in the assessment stage of the research. Constructs which were not used were not included as missing values, but simply omitted. Impermeable constructs, which scored either one or seven only in the assessment, were also omitted. This meant that all the constructs included provided a range of assessment for the set of subject stores within the particular interview. Including impermeable constructs would have pulled the results to the extremes giving them too great a weight in



the overall analysis.

### 8.11.3 FRIEDMAN'S TWO-WAY ANALYSIS OF VARIANCE BY RANKS

Given that a number of similar stores are being compared against a number of similar assessment factors, the scores become a series of related samples which can be compared by statistical testing. This technique is used again to analyse the questionnaire data. In the case of the interview data, analysis is restricted because of the varying polarity of the constructs. For some constructs, a score of one represents the positive pole, with seven representing the negative pole. For others the polarity is reversed - the 'good' score becomes seven and the 'bad' score becomes one. This is a result of the free elicitation of the constructs. Constructs were recorded, necessarily, so that the way the triad of element stores had been split into a pair and a single could be distinguished again later. To achieve this, without expecting too much from non-professional interviewers, the polarity of the constructs were allowed to vary. In addition, if the constructs had been recorded with uniform polarity, for many cases the recording interviewer would have been required to make some kind of judgement. This would have introduced a further source of possible interview bias.

Consequently, the resulting data cannot be analysed to the full ability of the test. Employing the Friedman test (Siegal and Castellan, 1988: pp.173-184), it is possible to test for any significant difference between the average scores of each store. For the questionnaire data it will be possible also to investigate the nature of any significant differences. The analysis of the interview data is restricted to simply testing for the existence of differences between the stores.

Using the Friedman two-way analysis of variance by ranks, the probability can be tested that the different stores come from the same population, ie. that they have the same median. This is done by ranking the stores within each

construct from 1 to N, where N is the number of subject stores employed in that interview. For the interview data, existence of significant differences between store rankings alone are investigated, omitting further investigation into the nature of these differences.

$H_0$  : respondents' assessment of subject stores does not differentiate the stores.

$H_1$  : respondents' assessment of stores differentiates between the subject store.

The Friedman test is suitable because the store assessments represent a number of related samples within the single interview, with each store being assessed against the same constructs as the other stores using an ordinal scale. In addition, the usual assumption for parametric tests that the data has a normal distribution is probably unsuitable for the interview data.

The significance level was taken as  $\alpha=0.05$  with N being the number of stores being assessed on each of the k constructs elicited during the interview and used in the assessment stage. For each of the k constructs, the N stores were ranked from 1 to N. The Friedman statistic, with  $df = k-1$ , is calculated as follows:

$$F_r = \left[ \frac{12}{Nk(k+1)} \sum_{j=1}^k R_j^2 \right] - 3N(k+1)$$

where  $R_j^2$  is the sum of the ranks for store j. As the sample size is large,  $F_r$  is distributed approximately as chi-square, and the probability associated with the occurrence of  $H_0$  can be determined by reference to significant values of chi-square.

Table 8.16 details the degrees of freedom and chi-square scores for each interview as calculated with SPSSx. Table 8.17 shows that of the nineteen interviews, only eight produced results significant at the 5% level or above. Therefore, for the interviews of Nagoya college students and housewives, Yokohama *sarariman*, Mito college students and housewives, and Nagano high school



TABLE 8.16

SIGNIFICANCE OF FRIEDMAN'S TWO-WAY ANOVA ON INTERVIEW DATA

	NAGOYA		YOKOHAMA		MITO		NAGANO	
	df	$\chi^2$	df	$\chi^2$	df	$\chi^2$	df	$\chi^2$
HIGH SCHOOL	13	12.177	10	9.017	8	6.971	10	21.255
COLLEGE STUDENTS	9	23.349	11	9.269	10	26.852	10	13.207
OFFICE LADIES	12	7.613	9	8.451	7	8.566	10	13.039
SALARYMEN		n.a.	11	20.010	12	11.953	8	18.427
HOUSEWIVES	11	32.543	11	6.390	7	17.733	8	18.133

TABLE 8.17

SIGNIFICANCE LEVEL FOR FRIEDMAN'S  $F_r$

	NAGOYA	YOKOHAMA	MITO	NAGANO
HIGH SCHOOL	0.5132	0.5304	0.5397	0.0194 *
COLLEGE STUDENTS	0.0055 **	0.5971	0.0027 **	0.2123
OFFICE LADIES	0.8145	0.4894	0.2853	0.2215
SALARYMEN	n.a.	0.0452 *	0.4494	0.0182 *
HOUSEWIVES	0.0006 **	0.8461	0.0132 *	0.0202 *

Key:

\* = Significant at the 5% level  
\*\* = Significant at the 1% level

students, *sarariman* and housewives,  $H_0$  is rejected. It is concluded that for these eight interviews, the respondents significantly distinguished among the subject stores through the use of the elicited constructs.

For the present these results present little opportunity for further analysis. It can be noted that none of the office lady interviews produced significant results. On the other hand, interviews with housewives produced significant results in every city except Yokohama. The only Yokohama interview to produce a significant result was the *sarariman* interview, and this was only just significant at the 5% level.

## 8.12 MULTIDIMENSIONAL SCALING ANALYSIS OF INTERVIEW DATA

### 8.12.1 USE OF MULTIDIMENSIONAL SCALING

The interview data was further analysed using the multidimensional scaling (MDS) options available on SPSSx. The limited volume of data and the restricted sample used in the interviews means that the use of a sophisticated technique like MDS serves chiefly as a pilot analysis in preparation for a similar, but more detailed analysis of the questionnaire data.

Given that the nineteen interviews represent nineteen separate data matrices, they are only suitable for individual analysis. Each interview employed different sets of store elements and elicited differing constructs. The seven point ordinal scale used in the store assessment is can be used in non-metric MDS, whereas other scaling methods similar to MDS, such as factor analysis, assume interval level data as a minimum. In addition, MDS has been applied to repertory grid in other situations (Stewart et al., 1981; Bannister and Fransella, 1986).

Non-metric MDS allows low-level, in this case ordinal level data to be analysed to produce results on a metric scale (Holmes, 1978: p. 332). MDS allows, "spatial representation of relationships among behavioral data" (Green



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Non-metric MDS allows low-level, in this case ordinal level data to be analysed to produce results on a metric scale (Holmes, 1978: p. 332). MDS allows, "spatial representation of relationships among behavioral data" (Green

and Carmone, 1970: p.3). It allows consumer perceptions regarding stores to be represented graphically.

The constructs elicited during the course of the interviews consist of both objective and perceptive attributes. Objective attributes can generally be determined by managers and researchers. Consumers' perceptions can only be elicited by direct investigation. As Green and Carmone point out:

"... from the viewpoint of consumer choice, the perceived dimensions are the relevant ones; clearly, brands physically and chemically identical may be perceived differently and, conversely, chemically and physically distinct brands may be perceived similarly."

(Green and Carmone, 1970: p.4)

As non-metric MDS employs ordinal data, simple ranks and similarity comparison scales can be used for data collection. For most respondents, ordinal assessment scales are easy to understand and can be applied to many situations (Coxon, 1982: pp.5-9). Respondents find ordinal judgements of similarity easy to apply, and such a scale is well suited to constructs elicited via repertory grid. Ad hoc application of ordinal data to analytical techniques which assume a metric measurement scale is best avoided where possible.

MDS allows the display of respondent perceptions of survey subject stimuli, in this case large stores in Japan, in a multidimensional space. The analysis considers the ranking of all possible pairs of stimuli used in study. The number of pairwise comparisons for  $n$  stimuli is given by  $n(n-1)/2$ .

Output from MDS analysis are the spatial coordinates of the  $n$  stimuli within  $r$  dimensions. These can then be represented graphically as a scatter plot. The physical proximity of two stimuli on the scatter plot serves to illustrate the perceptual similarity as derived from the input data (Wright and Fowler, 1986: p.235). Frequently cited illustrations of MDS analysis include the use of simple perceptual measurements of city location. Analysed with MDS, the resulting scatterplot closely resembles a geographical map of the same cities (Kruskal and Wish, 1978: pp.27-28; Coxon, 1982: pp.47-49).

The main problem associated with the use of MDS is that of interpretation.



The resulting scatterplot is often the end of the analysis, interpretation of the dimensions being left to be done by eye. This is seen by some as a major draw back to MDS analysis (Marks, 1976; Lincoln and Samli, 1979). MDS is, however, one of the few techniques available that is suitable for application with ordinal level data. It is well suited to the present case for this reason.

The visual representation of survey stimuli is desirable in many situations. Frequently, careful consideration of the resulting spatial spread of stimuli can often suggest suitable interpretation of the axes. Kruskal and Wish (1978: pp30-33) suggest that the scatterplot should always be first considered by eye. Intuitive interpretation will often become apparent. Further analysis can be undertaken by applying hierarchical cluster analysis to the same set of data (Green and Carmone, 1970; Coxon, 1982: 100-102; Everitt, 1974; Kruskal and Wish, 1978: pp.44-45). If the resulting clusters confirm the spatial proximity produced in the MDS scatterplot, this further validates the results and aids interpretation. In both cases, interpretation by eye and by techniques such as cluster analysis, may also throw up unexpected similarities between stimuli that require further investigation to understand fully, for example a superstore that is perceived similar to department stores.

#### 8.12.2 APPLICATION OF MDS TO INTERVIEW DATA

For the interview data, MDS analysis was applied to the eight interviews which gave statistically significant results using Friedman's analysis of variance. This may serve to illustrate the way in which respondents perceived differences between the element stores.

The MDS technique used was the simple Euclidian distance model available in the SPSSx package. This was chosen as each interview was to be taken as a single rectangular matrix comparing objects (stores) against attributes (elicited constructs). Only non-repeated permeable constructs were included in the data. The SPSSx ALSCAL procedure, ie. the MDS package, was run for all nineteen

interview data sets, but only those which had previously been shown significantly different between stores (see section 8.11) are used below for illustration.

In six of the nineteen cases a greater than acceptable negative improvement in Young's  $S$  was recorded causing SPSSx to terminate the calculation of the minimum square distances between the stimuli. Four of these six interviews had previously shown significant  $F$ . Further examination of the original data for these interviews shows that the bulk of the data consisted of a large number of middle scores (around 4) and a few extreme scores (1 or 7). Too many tied values around the centre and around the poles made the data unsuitable for accurate MDS analysis, even though the extreme values had contributed to produce a significant score on Friedman's statistic. These interviews were omitted from further quantitative analysis, and the MDS solutions produced were assumed to be invalid as the negative improvement in Young's  $S$  was large.

MDS was successfully applied to the remaining four interviews which had previously produced significant  $F$ . These were the Yokohama *sarariman* group, the Mito housewives and college student groups, and the Nagano high school student group. The four scatterplots for the element stores employed in these interviews are shown in figures 8.1 to 8.4.

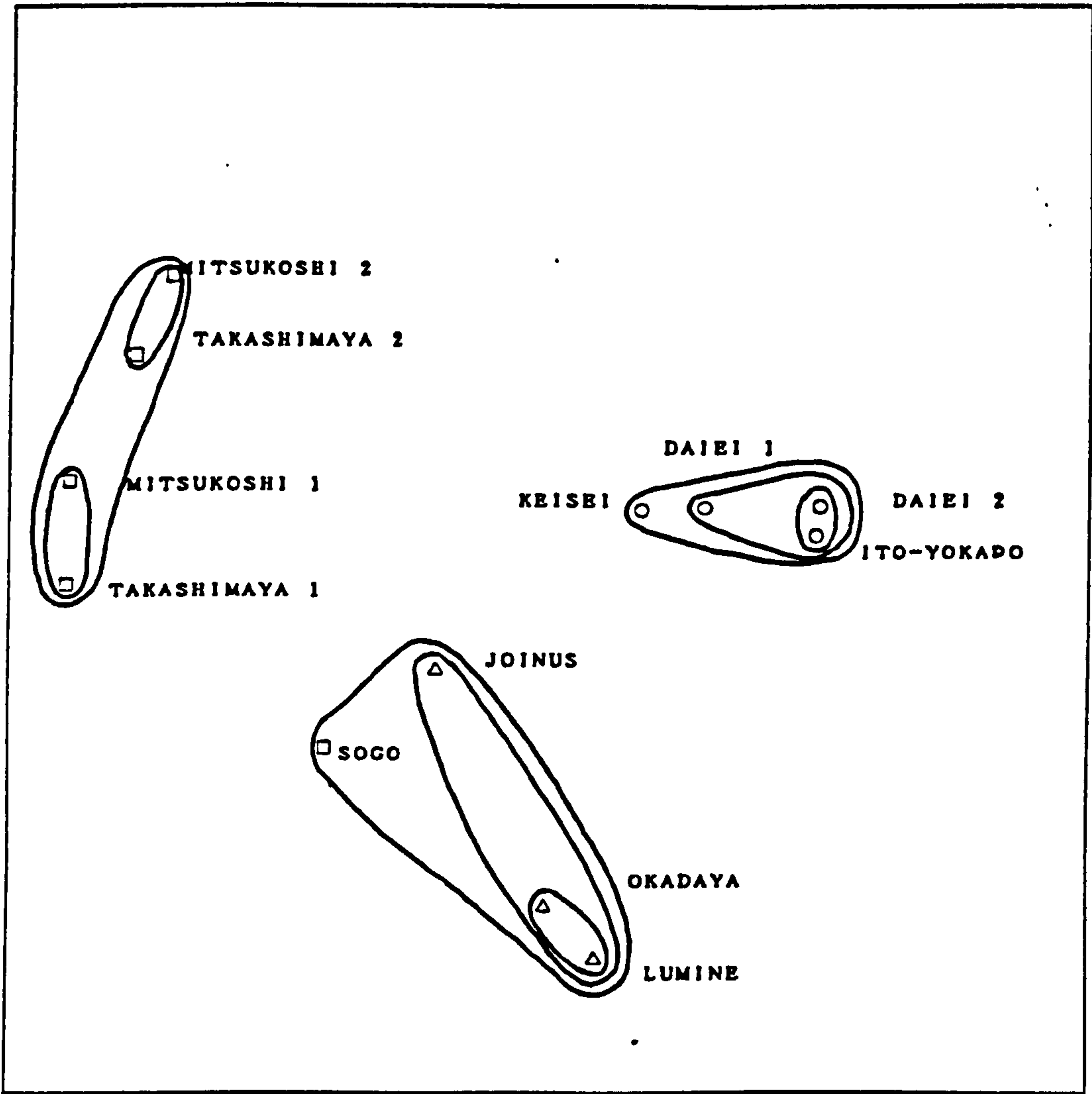
As already mentioned, MDS analysis of the interview data serves primarily as an illustration of the technique. Having obtained the scatterplots given in the figures, interpretation of the results was based upon a further cluster analysis of the same data. The resulting clusters were then marked on the original scatterplots. For example, in figure 8.1, the Yokohama *sarariman* interview, three basic clusters can be identified, all of which are as may be expected.

The first and clearest observation is that the stores are neatly and fairly accurately clustered by store type, ie. department stores with department stores, fashion buildings with fashion buildings, and superstores with superstores. This was generally true for the scatterplots produced from the interview data.



FIGURE 8.1

YOKOHAMA SARARIMAN INTERVIEW

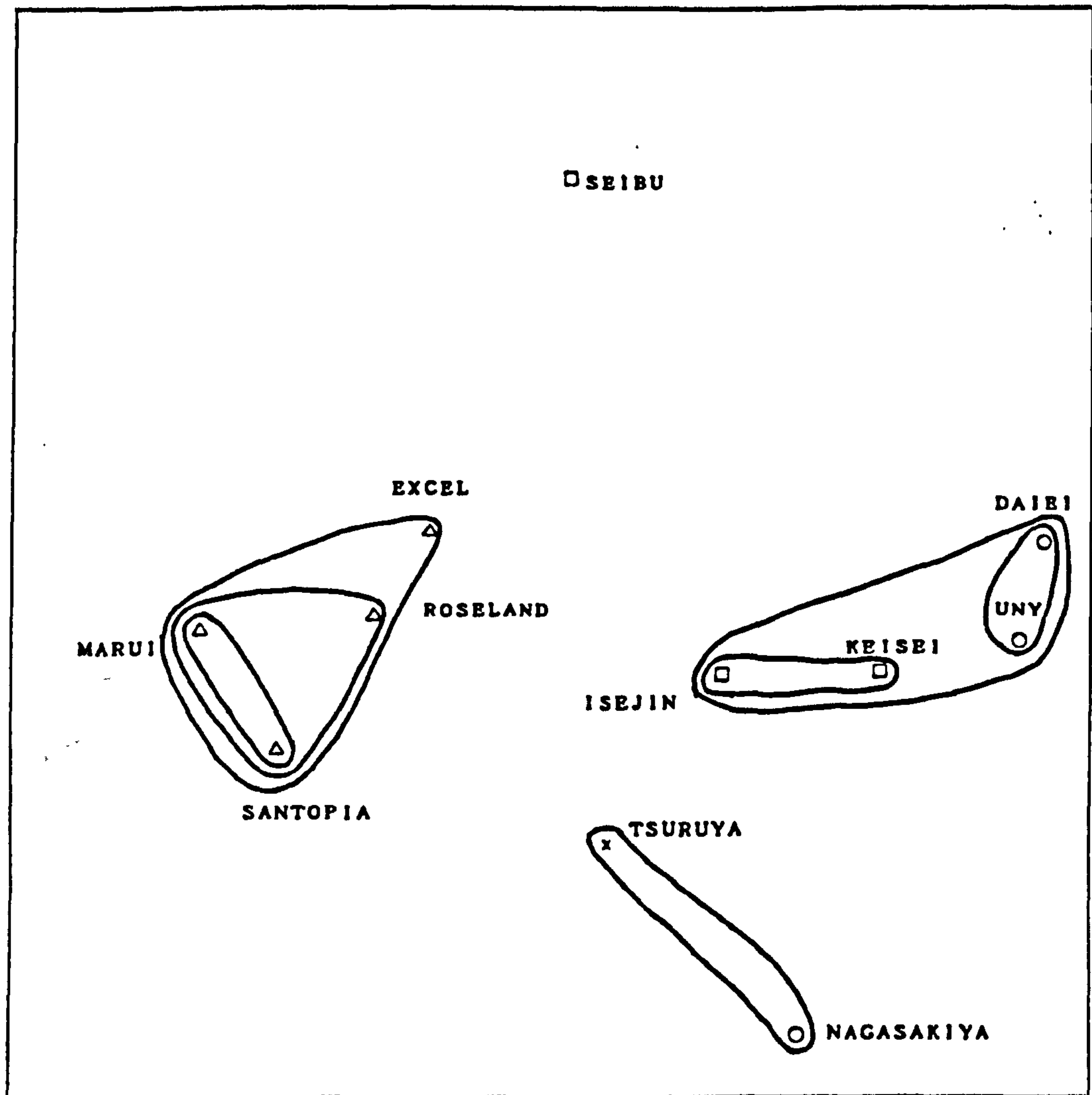


Kruskal's Stress = 0.275       $R^2 = 0.931$

□ Department stores    ○ Superstores    △ Fashion Building

FIGURE 8.2

MITO COLLEGE STUDENTS

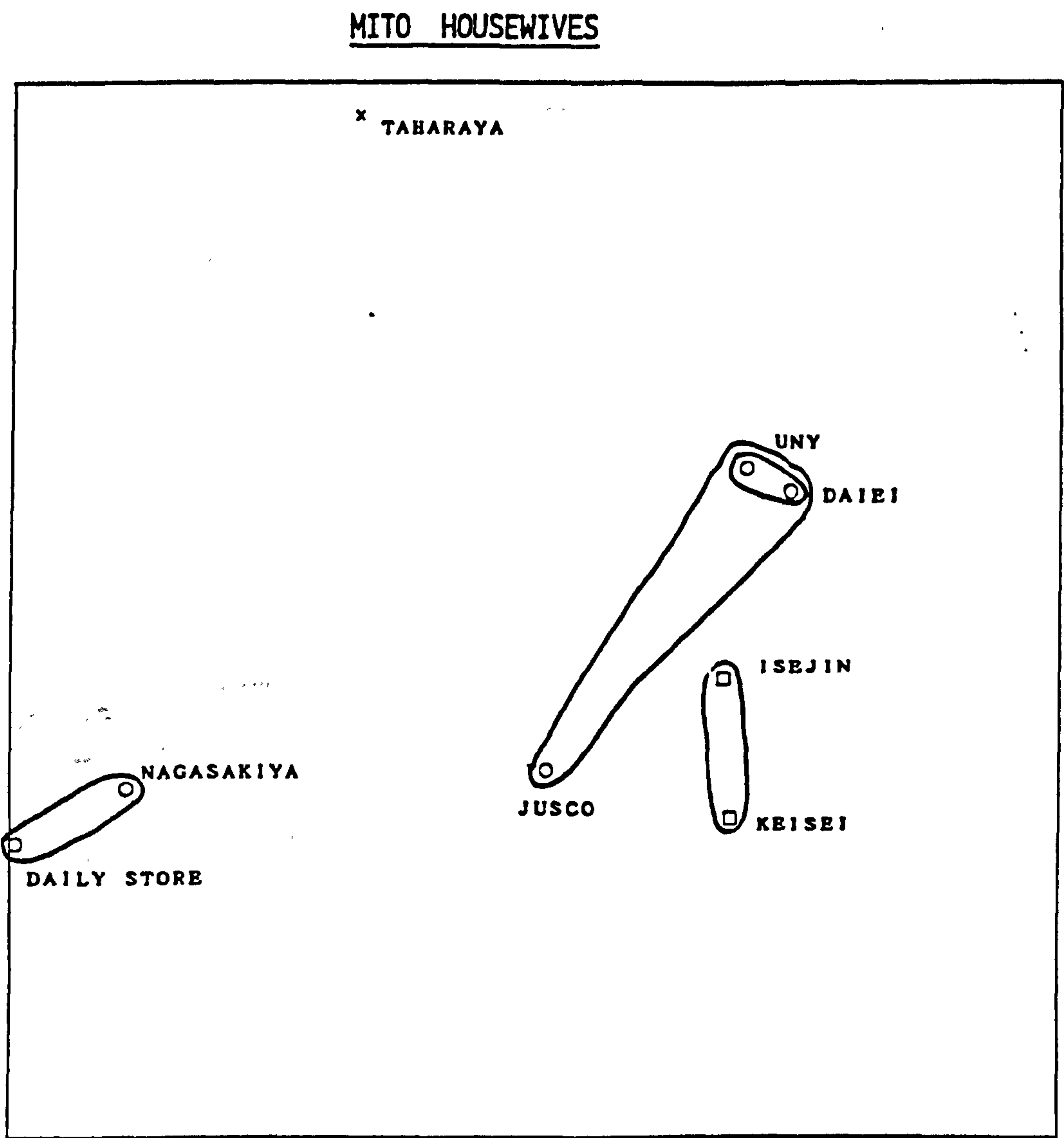


Kruskal Stress = 0.447     $R^2 = 0.829$

□ Department store    ○ Superstores    △ Fashion buildings    × Variety Stores



FIGURE 8.3

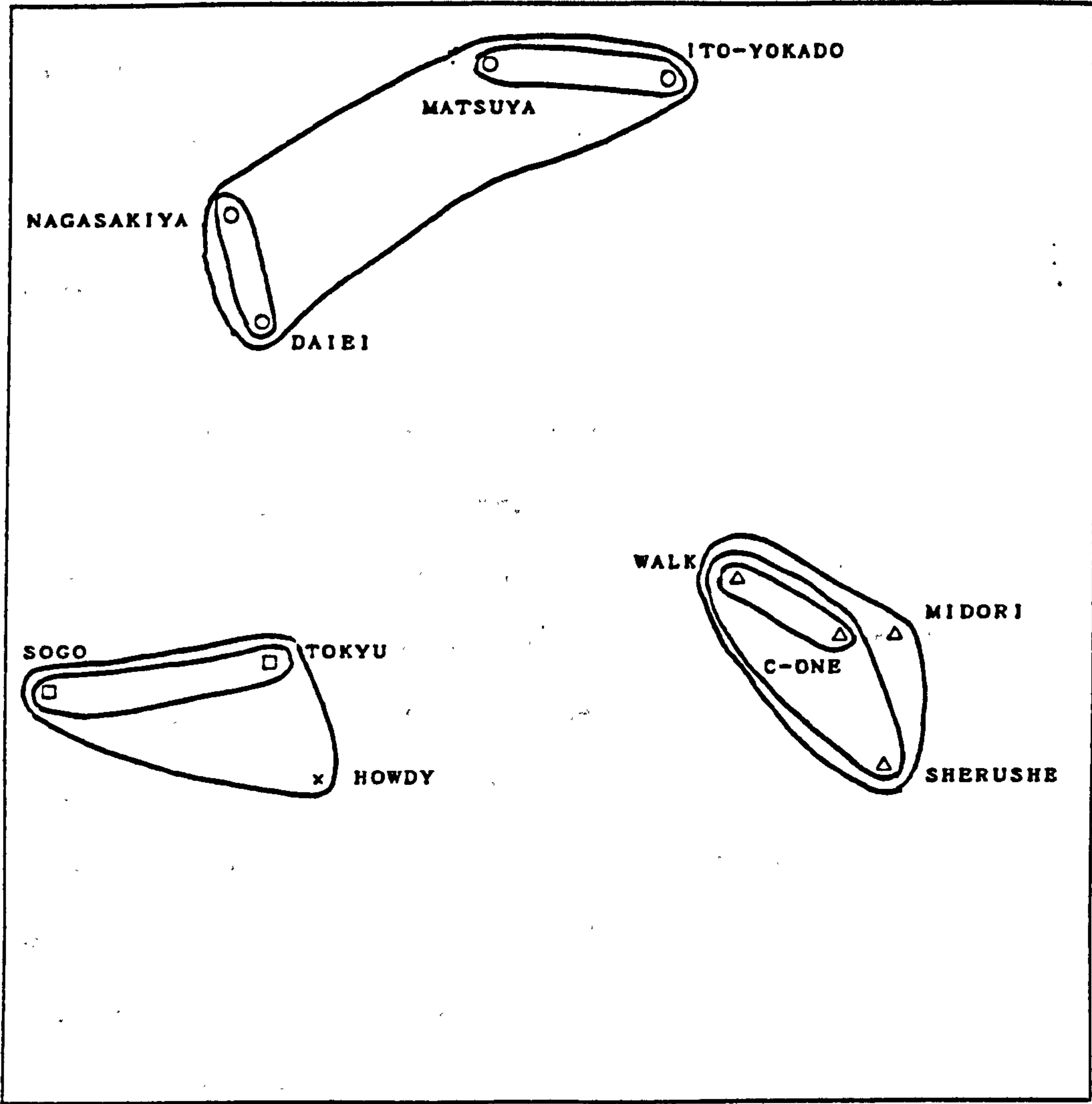


Kruskal's Stress = 0.505       $R^2 = 0.765$

□ Department store    ○ Superstores    △ Fashion buildings    × Variety Store

FIGURE 8.4

NAGANO HIGH SCHOOL STUDENTS



Kruskal's Stress = 0.485     $R^2 = 0.795$

□ Department store    ○ Superstores    △ Fashion buildings    × Variety Store



Secondly, another common trait in many of the interviews was for stores to be closely clustered by physical location. The Yokohama *sarariman* interview employed five department stores, including two branches each of both Mitsukoshi and Takashimaya. These latter four stores are clustered together in pairs in relation to their location within the city. The top pair, labelled Mitsukoshi 2 and Takashimaya 2, are located away from the city centre in *Kōman-kai*. The lower pair, Mitsukoshi 1 and Takashimaya 1, are located in the station area in the city centre. Similarly, the superstores marked Daiei 1 and Ito-Yokado are located close together, as are the Keisei and Daiei 2 stores, although these did not appear as a separate cluster.

These two results, while generally unhelpful in terms of identifying interesting points of store perception, illustrate the intuitive correctness of the MDS technique. Constructs elicited within a single interview tended to overemphasise the obvious, physical characteristics of the stores, particularly store type and store location. While totally impermeable constructs such as 'A DEPARTMENT STORE - NOT A DEPARTMENT STORE', have been removed from the original data for the purpose of this analysis, similar constructs appear most frequently and the results reflect this emphasis. The Nagano high school interview (figure 8.4) further illustrates this point. Again, the stores are primarily clustered by store type. It is noticable, however, that whereas it may be expected for the two largest superstores, Daiei and Ito-Yokado to be in close proximity, they actually cluster separately at the first level. Each clusters with a separate, smaller superstore in a closer location.

However, one or two less expected results do occur. In the Yokohama *sarariman* interview, Sogo, a very new department store, remains unclustered until the third level. After this, the store clusters, not with the other department stores used in the interview, but with the three fashion buildings. This reflects the more modern, up market image of the store and its younger clientele. It clearly suggests that the store is well differentiated from the other department stores in the area.

The results for the Mito college student interview also shows a marked distinction between the newly refurbished, fashionable Seibu store and the two traditional local department stores in the city. At the second level Isejin and Keisei, the local department stores cluster together with the two large city centre superstores, Daiei and Uny. This is partly due to the recognition of locational proximity in the city, but it also reflects the relative down market feel of these two stores.

The Mito housewife and Nagano high school interviews most strongly represent the stores by type, closely clustering the various groups of department stores, superstores and fashion buildings.

With few exceptions, MDS analysis and cluster analysis as applied to the interview data produces very predictable results. For the time being, the analysis will not be taken further. It would be possible to attempt an interpretation of the axes, and to visually reposition the axes in order to attempt to infer greater meaning. Similarly, the measures of goodness of fit for these analyses are reasonable. These are given by Kruskal's stress and the measure of least squares under each of the scatterplots. Basically, a stress of zero and a  $R^2$  of one would show a perfect fit. The scaled data from the interviews is too basic and puts too greater emphasis on predictable aspects of store perception, namely locational and business type proximity, to be useful for further analysis. It would be possible to take solutions in three or more dimensions in order to compare stress scores in the hope of producing a better fit. The hierarchical cluster analysis would, however, remain the same, and stores would still plot by type and location.

#### 8.13 SUMMARY AND CONCLUSIONS TO INTERVIEW SURVEY ANALYSIS

The preliminary stage of the survey was a series of nineteen interviews undertaken in four Japanese cities. In all, 57 people took part in the interviews, ranging over five general consumer types - high school students,



college students, office ladies, male salaried employees and housewives.

Analysis of the interviews was carried out on three levels. First, the success of the interview method, repertory grid, was considered in some detail. It was concluded that there were various aspects of market research in Japan which beg further investigation. Japanese respondents worked well with the repertory grid technique, producing abundant and good quality data.

Some groups had greater difficulty than others in handling the seven point scale used in the last stage of the interviews. Housewife groups were able to distinguish low/medium/high rankings or scores, but could not, or were unwilling to distinguish stores to any greater degree of precision. Younger respondents in the high school and college student groups were the opposite to this, quickly and accurately making precise judgements of the appropriate rating for particular stores.

The more imaginative and relaxed groups of respondents tended to elicit more and better constructs than groups that were in some way inhibited. Occasionally, for example due to unfamiliarity among respondents, construct elicitation proved slow and difficult. On the whole, groups of respondents were known to each other prior to the interviews. In these cases, there were few problems, although, again, the younger respondents tended to be more imaginative and creative.

Despite prior misgivings, the groups of male salaried employees proved to be knowledgeable about stores in their area. Their area of knowledge differed greatly from the other groups. Male orientated products and stores which were suitable for male patronage were of great concern to these groups. On the other hand, only housewife groups had any significant knowledge of local supermarkets and other food outlets. The majority of other respondent types relied upon their wives or mothers to shop for food. Only occasionally did young female respondents help their mothers. This result supported the view suggested in previous studies.

The second stage of the analysis was a detailed content analysis of the 552

constructs elicited during the course of the interviews. The elicited constructs were by far the most important part of all data elicited throughout the survey. Through a close examination of these constructs it is possible to see the way in which Japanese consumers perceive large stores.

The result of the content analysis showed that the 552 constructs could be grouped in twelve categories, bearing some resemblance to image factors commonly used in Western literature. It was found that the main factors relating Japanese consumers' perceptions of stores were merchandise, location, intangible factors and clientele. This mirrors results of Western studies to a great extent, but it was concluded that Japanese consumers place more emphasis on intangible factors such as atmosphere and store prestige than to consumers in the West, and less emphasis is placed on price than is the case in Western literature.

The quantitative data generated in the assessment stage of the interviews was used to demonstrate two techniques to be applied to the more uniform questionnaire data in the next section. The individuality of each interview's data set, and the emphasis placed upon predictable factors such as location and business type made the results of this illustrative analysis rather tenuous. Although no firm conclusions were drawn, this preliminary quantitative analysis did serve to illustrate the analytical techniques of Friedman's Two Way Analysis of Variance by Ranks and Multidimensional Scaling.

#### NOTES TO CHAPTER 8

- (1) A Japanese postgraduate student was employed for a three day period at considerable expense in an attempt to transcribe the interview tapes. At the end of 18 hours work, however, only two interviews had been completed, but, worse than this, the wording used by the respondents had been changed to fit what the student thought the respondent 'should have said' in 'good' Japanese! It would not have been possible to employ a professional to transcribe the tapes, and in the end, the researcher undertook the task personally. The quality of the final transcriptions was poor, and they are omitted from the thesis as they add little to what



is contained in the text.

- (2) It should be noted that the high status of the interviewers involved positively precluded the researcher, who was also present during all of the interviews, overruling the interviewers in any way (see Chapter 6 concerning the importance of status in Japanese society). In any case, although the interviewers were rewarded with gifts the value of at least ¥10,000 in return for undertaking four to five interviews, they also gave up a lot of time and effort to assist the research. Without their help and effort, the research would never have occurred.
- (3) Early in the period of fieldwork in Japan in 1988, a managing director of the Nichii retail group, Japan's eighth largest retailer was interviewed. He insisted that a store's image was irrelevant as consumers chose a store purely on the basis of the merchandise on offer, and that any image would arise primarily as a result of the merchandise. This is partially supported by the interview results, but it should be noted that Category 1 (Product Assortment) accounts for only a fifth of all constructs generated. While important, the merchandise factor was perhaps a little overstated by the retail manager in this case.
- (4) A *Shinise* [老舗] is a traditional store of long standing. This label is often employed as an intangible factor as it can bear little relation to the store's actual appearance or type. It is a measure of the store's reputation and history.
- (5) Recently, traditional paper vouchers are being replaced by pre-paid cards. People can now purchase pre-paid cards which can only be used at certain retail stores. These cards can be for substantial sums, up to ¥20,000. Previously, a person could exchange the paper vouchers for an item of merchandise, and the store would make up the difference in price in the form of cash change where the item was cheaper than the face value of the voucher. In this way, theoretically, a profit could be made. A ¥10,000 voucher could be bought for, say, ¥9,000 at a discount ticket dealer, and then exchanged for an item priced less than ¥1,000 at the store. The purchaser would receive the item and the full cost of the voucher back in the form of change. Stores, however, would be reluctant to exchange these vouchers for such small purchases. Now, using pre-paid cards, the store does not have to provide change as the card can be re-used several times up to the total value of the card.
- (6) Marui and its system of credit card sales is described briefly by Trucco (1984; 1985) and Economist (1988c; 1988o).
- (7) The use of an ideal store measure has been included in a number of studies, for example Pessemier (1980), who also included a least favourable dummy store, and Davies (1987).
- (8) Commercial studies of company image tend to take a more open approach. They aim, as in the present study, to discover the genuine thoughts and ideas of respondents. A number of surveys carried out by SMIS, the market research subsidiary of the Seibu Saison Group were read during the course of the research, but, as this was done in confidence, examples cannot be directly used here. The survey method was similar to that already described in that customers were usually required to evaluate a store on a number of predetermined factors. Seibu puts heavy emphasis on market research being carried out regularly at store level. Prior to the opening of the huge *Tsukashin* shopping complex in Hyogo Prefecture, a large, open survey was undertaken. In this case, the surveys are market needs based rather than image based.

- (9) Other work considering the conceptual nature of image was omitted as it was not possible to determine whether the discussion directly aimed to present the situation in Japan or was simply a general discussion (*Ikeo*, 1983; *Kumazawa*, 1988). This is frequently a problem with Japanese marketing literature. A number of extensive literature reviews of Western literature undertaken by Japanese authors were also found, but it was decided that these added little to the direct review of primary sources in English.
- (10) The review published by Lincoln and Samli (1979) was very similar to that undertaken by Lindquist (1974), adding very little. Short literature reviews that have appeared in more recent studies also tend to add very little new material.



## CHAPTER 9

### ANALYSIS AND RESULTS PART TWO: QUESTIONNAIRE SURVEY

#### 9.1 QUESTIONNAIRE DATA AND ANALYSIS

As described in the previous chapter, 390 questionnaires were distributed in the cities of Nagoya, Yokohama, Mito and Tokyo. Of these, 305 questionnaires were returned, giving an initial response rate of 78%. On further scrutiny of the returned questionnaires it became apparent that a number had been very poorly completed, with one or two almost totally blank. This was at least partly due to the complexity of the original questionnaire which must have seemed quite daunting at first glance. Fortunately, this did not discourage the majority of respondents.

The most frequent omission was the assessment of the 'ideal store' in question 1. Where this was the only omission, the completed questionnaire was used in the analysis, but where a respondent had omitted more than this one section, the questionnaire was removed from the data set. Consequently, each usable questionnaire had up to, but no more than twenty missing values.

Tables 9.1 to 9.3 summarise the returned questionnaires by city, consumer type and sex. Table 9.1 shows that the usable number of questionnaires returned was 261, or 66.9% of those distributed. Almost 83% of questionnaires distributed in Tokyo were correctly completed and returned. Conversely, only 55% of the Mito questionnaires were used.

The returned questionnaires were fairly evenly distributed by consumer type (table 9.2). A quarter of the respondents were housewives, with between 15% and 19.5% of responses coming from each of the other five consumer types identified. Table 9.3 shows that almost 70% of respondents were women. Again, this is an appropriate bias as a large proportion of shopping in Japan is carried out by women. <sup>(1)</sup>

TABLE 9.1

RETURNED QUESTIONNAIRES BY CITY

City	Number of Questionnaires			
	Distributed	Returned	Usuable	Usuable %
	A	B	C	C/A%
Nagoya	140	96	92	65.7
Yokohama	120	85	78	65.0
Mito	60	59	33	55.0
Tokyo	70	65	58	82.9
TOTALS	390	305	261	66.9

Note: Final column gives the percentage of distributed questionnaires which were returned in a suitably completed condition.



TABLE 9.2

NUMBER OF RESPONSES BY THE FIVE CONSUMER TYPES

	Frequency	Percentage
High School Students	41	15.7
College Students	51	19.5
Office Ladies	51	19.5
<i>Sararimen</i>	39	14.9
Housewives	65	24.9
Other	13	4.9
Missing	1	0.4
TOTAL	261	100.0

TABLE 9.3

USUABLE QUESTIONNAIRES BY SEX OF RESPONDENTS

	Responses	Percentage
Female	179	68.6
Male	81	31.0
Missing	1	0.4
TOTAL	261	100.0

Analysis of the questionnaire data was carried out by relating the data directly to the four hypotheses, H6 to H9, presented at the end of chapter 6. Techniques similar to those employed in the interview data analysis were used. Friedman's statistic was used to investigate differences in the magnitude and order of the store rankings produced in the questionnaire, and multidimensional scaling and cluster analysis were employed to further extend the analysis.

## 9.2 CONSUMERS' RANKED PREFERENCES OF LARGE RETAIL STORES

As described in chapter 7, the questionnaire measured seven actual stores and an 'ideal' store against twenty constructs on a five point scale. This formed Question 1 of the questionnaire, and these eight stores are the primary subject stores. Question 2 required the respondents to rank the primary subject stores, less the ideal store, along with a further seven secondary subject stores from one to fourteen in terms of personal preference. These rankings were used to test hypothesis H6:

H6: Japanese consumers form clear and generally accepted ranked preferences of the large retail stores that form elements of their awareness sets.

If H6 is to be accepted, the average rank of the each element store, calculated on the basis of data from Question 1, should prove to be significantly differentiated from the average rank of other stores. In addition, the rank order produced by the data from Question 1 should be confirmed by the preference rankings given in Question 2. This will provide some indication as to the degree to which assessment of stores against the twenty constructs accurately reflects consumers' preferences for the stores.

### 9.2.1 FRIEDMAN'S ANOVA FOR DATA FROM QUESTION 1 AND QUESTION 2

To test this hypothesis, Friedman's statistic (see chapter 8) was calculated



for the eight primary subject stores used in each of the four survey cities, and again for the fourteen subject stores used in Question 2. Table 9.4 summarises the results of this analysis.

Each statistic has  $k-1$  degrees of freedom, where, in this case,  $k$  is the number of element stores under consideration. Therefore, each analysis of data from Question 1 had  $8 - 1 = 7$  degrees of freedom, and analysis of Question 2 data,  $14 - 1 = 13$  degrees of freedom.

As described in chapter 8, Friedman's Two-way Analysis of Variance takes the AVERAGE RANK across all  $k$  element stores for each case in the data. It is emphasised that in Question 1 the average score (ie. score out of 5 on the 5-point scale) is not used. For each construct in the data set, the eight primary element stores in Question 1 are ranked from 1 to 8 in terms of the score they received on the 5-point scale producing average ranks between 1 and 8. This will produce a large number of tied scores, but Friedman's statistic is adjusted for this factor. As each construct is taken individually, the total number of cases used in the calculation for each city is the number of constructs (ie. 20) multiplied by the number of respondents, minus cases with all values missing. Therefore, in Nagoya, for example, there were 84 valid respondents and no missing cases,  $20 \times 84 = 1,680$  cases, and in Yokohama there were 74 valid respondents and 6 missing cases,  $(20 \times 74) - 6 = 1,474$ .

In all eight cases (four for Question 1 and four for Question 2)  $F_r$  was highly significant. <sup>(2)</sup> In other words, the rank orders produced for each element store in both Question 1 and Question 2 of the questionnaire were significantly differentiated above the 0.01% level.

It can be concluded that Japanese consumers are able to differentiate clearly between large stores on the basis of the twenty constructs used in the questionnaire.

TABLE 9.4

FRIEDMAN'S TWO-WAY ANALYSIS OF STORE RANKS BY CITY

				SIGNIFICANCE
	CASES	df.	CHI-SQUARE	LEVEL
Nagoya				
Primary Stores	1680	7	961.4681	>0.01%
Primary & Secondary Stores	58	13	92.2952	>0.01%
Yokohama				
Primary Stores	1474	7	1126.4928	>0.01%
Primary & Secondary Stores	30	13	125.2038	>0.01%
Mito				
Primary Stores	609	7	258.5034	>0.01%
Primary & Secondary Stores	19	13	57.1158	>0.01%
Tokyo				
Primary Stores	1079	7	489.7728	>0.01%
Primary & Secondary Stores	24	13	51.1048	>0.01%

Note: The number of cases refers to the total number of non-missing cases that could be employed to make pairwise comparisons. The primary stores were assessed against 20 different constructs giving a total possible number of cases as 20 × n, eg. for Nagoya:20×84 =1,680 cases.



### 9.2.2 COMPARISON OF THE RANK ORDER BETWEEN QUESTION 1 AND 2 DATA

By comparing the overall rank order produced by Question 1 with that of Question 2 for the eight primary and the six secondary stores in each survey city, it is possible to estimate the level of agreement between the two measures, and so consider the results in light of hypothesis H6.

Table 9.5 shows that the rank order produced for the same stores, ie. the seven primary stores which appear in both Question 1 and Question 2 of the questionnaire, is notably similar over the two measures. The Spearman rank-order correlation coefficient  $r_s$  was calculated using the rankings of the seven primary stores in Question 1 and Question 2 (ie. the two columns in table 9.5). The calculation was carried out by hand using the following formula:

$$r_s = 1 - \frac{6 \sum_{i=1}^N d_i^2}{N^3 - N}$$

where  $d_i$  is the difference between any two ranks, and  $N$  is the number of ranks being compared (Siegal and Castellan, 1988: pp.235-244; Wright and Fowler, 1986). In the case of Nagoya, the difference in ranks is 0 for all stores except Maruei and Meitetsu Melsa, which both have a difference of 1. <sup>(3)</sup>

The resulting  $r_s$  were as follows:

Nagoya	-	$r_s = 0.9643$
Yokohama	-	$r_s = 0.8036$
Mito	-	$r_s = 0.6964$
Tokyo	-	$r_s = 0.8750$

These high correlation coefficients appear to confirm that the rankings are similar across questions. All four results are high indicating good correlation between the pairs of rankings. Taking a null hypothesis for each city as:

$H_0$  : there is no association between the assessment rankings and the preference rankings for the primary subject stores in each city.

$H_1$  : there is a positive association between the assessment ranking and the preference rankings

TABLE 9.5

AVERAGE STORE RANK COMPARISONS-QUESTION 1 AND QUESTION 2

	Question 1 Rank	Question 2 Rank
<b>NAGOYA</b>		
Matsuzakaya	2	2
Mitsukoshi	1	1
Maruei	4	5
Central Park	3	3
Meitetsu Melsa	5	4
Daiei	7	7
Local Supermarket	6	6
Spearman's Rho = 0.9643		
<b>YOKOHAMA</b>		
Yokohama Takashimaya	2	2
Yokohama Sogo	1	1
Yokohama Mitsukoshi	6	6
Okadaya Moars	7	5
Lumine Yokohama	3	3
Vivre 21	5	4
Local Supa	4	7
Spearman's Rho = 0.8036		
<b>MITO</b>		
Isejin	4	5
Mito Keisei	5	6
Mito Seibu	1	2
Excel	=2	1
Mito Marui	=2	4
Mito Daiei	6	3
Mito Uny	7	7
Spearman's Rho = 0.6964		
<b>TOKYO</b>		
Mitsukoshi, Nihonbashi	4	=3
Takashimaya, Nihonbashi	2	2
Seibu, Yurakucho	6	5
Parco, Shibuya	5	7
Marui, Shinjuku	7	6
Isetan, Shinjuku	1	1
Tokyu Hands	3	=3
Spearman's Rho = 0.8750		

Note: The first ranking is for the seven stores shown. The second rank is the relative positions of the seven stores within the fourteen stores employed in Question 2 of the questionnaire.



It is possible to investigate the significance of the results using the table of critical values for  $r$ , in Siegal and Castellan (1988: p.360).

For  $N=7$ , the Spearman rank-order correlation coefficients for Nagoya, Yokohama and Tokyo are all significant at least above the 2.5% level of significance, with the coefficient for Nagoya significant at the 0.25% level. These results mean that  $H_0$  may be rejected at least the  $\alpha=0.025$  level for these three cities and it is possible to conclude that Japanese consumers do distinguish between stores on a consistent basis.

The result for Mito,  $r_s = 0.6964$  is only significant at the 10% level of significance. It must be concluded, therefore, that in the case of Mito, there was less evidence to suggest that consumers distinguish between stores consistently, although the existence of some distinction had been shown in the earlier results to occur to a highly significant degree.

Overall,  $H_6$  is accepted from the evidence obtained through the survey. Japanese consumers clearly make a distinction in their assessment of Japanese large stores and, as shown by the similarity of two separate rankings of the same stores, this distinction can be said to be generally consistent.

### 9.3 DIFFERENCES IN STORE PREFERENCE FOR DIFFERENT CONSUMER TYPES

A similar approach was taken to investigate hypothesis  $H_7$ . This hypothesis was presented as follows:

$H_7$ : Different consumer groups distinguish between large stores in a similar manner.

#### 9.3.1 COMPARISON OF AVERAGE RANK ORDER DIFFERENCES BY CONSUMER TYPE

Table 9.6 presents the Friedman's  $F$ , in the form of chi-square scores for the primary stores employed in Question 1, by city and consumer type.

By city and consumer type, the results are highly significant for all primary store assessments, with the one exception of the Mito *sarariman* group.

TABLE 9.6

COMPARISON OF STORE RANKS BY CONSUMER TYPE: QUESTION 1

	CASES	df.	CHI-SQUARE	SIGNIFICANCE LEVEL
NAGOYA				
High School Students	295	7	173.2725	>0.01%
College Students	300	7	94.9091	>0.01%
Office Ladies	316	7	309.5130	>0.01%
Male Salaried Employees	298	7	124.4396	>0.01%
Housewives	412	7	364.0480	>0.01%
Others	39	7	61.4274	>0.01%
YOKOHAMA				
High School Students	336	7	172.2208	>0.01%
College Students	375	7	389.6974	>0.01%
Office Ladies	215	7	235.0728	>0.01%
Male Salaried Employees	214	7	127.8549	>0.01%
Housewives	275	7	333.1234	>0.01%
Others	59	7	104.0424	>0.01%
MITO				
High School Students	140	7	49.3888	>0.01%
College Students	138	7	104.4529	>0.01%
Office Ladies	192	7	111.4940	>0.01%
Male Salaried Employees	100	7	17.0967	16.8%
Housewives	1	[insufficient cases]		
Others	39	7	34.7543	>0.01%
TOKYO				
High School Students	0			
College Students	160	7	38.6284	>0.01%
Office Ladies	207	7	125.8044	>0.01%
Male Salaried Employees	79	7	35.9788	>0.01%
Housewives	535	7	361.6288	>0.01%
Others	98	7	52.9047	>0.01%

Note: No high school students appeared in the Tokyo sample.



Mito, which produced a poorer general response to the questionnaire overall, showed consistently lower scores for chi-square analyses across the consumer types.

Results for respondents classified as office ladies consistently produced high chi-squares suggesting particularly significant differentiation between the primary stores. With the exception of the Mito data set, the same was true of housewife respondents.

The same analysis was carried out for data from Question 2 of the questionnaire. These are presented in table 9.7. Although the results were generally similar, most are to a lower level of significance. Nine of the twenty groups successfully tested produced significant results beyond the 1% level. These were:

- high school students in Nagoya, Yokohama and Mito
- college students in Nagoya
- office ladies in Nagoya and Yokohama
- housewives in Nagoya, Yokohama and Tokyo

Across the four cities, high school respondents consistently produced the most significant results, all at least at the 0.01% level. Although the response from housewives in Mito was too poor to be of use, the results for the other three cities were also very significant at least at the 0.95% level.

It is also noticable that four out of five usable consumer types in Nagoya differentiated between their rankings of stores to a significant degree. The other three cities did not show such marked results. This will be further discussed in section 9.6.

*Sarariman* respondents showed the least significant degree of rank differentiation between stores. The result for Tokyo was significant at the 5% level, but none of the results for the other three *sarariman* groups were significant beyond the 23% level.

On this basis, it is clear that the different consumer types do indeed differentiate stores to differing degrees. This generally supports the points raised when discussing the results of the interviews in chapter 8.

Younger respondents, particularly high school students, take an enthusiastic

TABLE 9.7

COMPARISON OF STORE RANKS BY CONSUMER TYPE: QUESTION 2

	CASES	df.	CHI-SQUARE	SIGNIFICANCE LEVEL
NAGOYA				
High School Students	10	13	42.5857	0.01%
College Students	11	13	53.5351	>0.01%
Office Ladies	16	13	52.9071	>0.01%
Male Salaried Employees	7	13	13.0245	44.59%
Housewives	13	13	47.8748	>0.01%
Others	1	insufficient cases		
YOKOHAMA				
High School Students	7	13	40.8326	0.01%
College Students	4	13	23.9429	3.17%
Office Ladies	8	13	36.3393	0.05%
Male Salaried Employees	4	13	16.2286	23.70%
Housewives	5	13	35.4971	0.07%
Others	2	13	22.6857	4.56%
MITO				
High School Students	4	13	42.3429	0.01%
College Students	5	13	22.4857	4.83%
Office Ladies	4	13	16.0571	24.61%
Male Salaried Employees	3	13	5.6191	95.89%
Housewives	1	insufficient cases		
Others	2	13	20.5143	8.31%
TOKYO				
High School Students	0			
College Students	8	13	19.3429	11.29%
Office Ladies	6	13	19.4667	10.93%
Male Salaried Employees	3	13	22.3905	4.96%
Housewives	7	13	27.8326	0.95%
Others	1	insufficient cases		

Note: No high school students appeared in the Tokyo sample.



and involved attitude to stores. They tend to be less inhibited with their criticisms, and quicker to single out their favourites. Housewives also maintain a high degree of involvement with stores although on a more practical level. Office ladies fall somewhere between these two consumer types, but all three are knowledgeable about the stores they use, and able to assess the relative merits and weaknesses of each.

However, it is noticeable that the most significant results in both tables appear to correspond to the consumer groups in each city which produced the greatest number of usable responses. This is especially apparent if table 9.7 is considered. Nagoya, which produced the most significant results in four from six consumer types, has one or two more cases for most types when compared to other cities. It would appear that the larger the number of cross store comparisons, the greater the number of random distinctions possible between stores. With this in mind, where only a small number of cases are available for analysis, the highly significant results shown in table 9.7 may not be totally reliable.

On the other hand, as mentioned above, the chi-square scores generated for table 9.6 show marked differences between the consumer types. These confirm the results presented in table 9.6. There is, therefore, some evidence to suggest that the different consumer types distinguish between stores to differing degrees.

### 9.3.2 COMPARING RANK ORDER OF STORES ACROSS CONSUMER TYPES

To establish a firmer basis from which to judge the hypothesis that different consumer types distinguish between stores in a similar manner, a second approach was also taken. As in the previous section, the rank orders for the seven primary stores considered in Question 1 of the questionnaire were compared across the six consumer type classifications. This is shown in table 9.8.

TABLE 9.8

AVERAGE STORE RANKS BY CITY AND CONSUMER TYPES

	High College School Student	Office Ladies	Salary- men	House- wives	Other	R,	
NAGOYA (N=7, k=6)							
Matsuzakaya	2	3	4	2	1	2	14
Mitsukoshi	3	2	1	1	2	1	10
Maruei	4	5	3	3	3	3	21
Central Park	1	1	2	5	4	6	19
Meitetsu Melsa	5	6	4	4	5	4	28
Daiei	7	7	7	7	7	7	42
Local Superm't	6	4	6	6	6	5	33

$W=0.6974$ , average Spearman's Rho = 0.6368

YOKOHAMA (N=7, k=6)							
Takashimaya	4	3	3	2	1	1	14
Sogo	1	1	1	1	2	2	8
Mitsukoshi	6	7	6	3	4	5	31
Okadaya Moars	7	6	5	6	6	4	34
Lumine Yokohama	2	2	2	4	5	3	18
Vivre 21	3	4	7	7	7	7	35
Local Superm't	5	5	4	5	3	6	28

$W=0.6726$ , average Spearman's Rho = 0.6071

MITO (N=7, k=5)							
Isejin	5	5	3	1	-	=3	17
Mito Keisei	7	4	4	3	-	=3	21
Mito Seibu	2	3	1	6	-	2	14
Excel	3	1	5	4	-	1	14
Mito Marui	1	2	2	5	-	5	15
Mito Daiei	4	6	6	2	-	6	15
Mito Uny	6	7	7	7	-	7	34

$W=0.3986$ , average Spearman's Rho = 0.2482

TOKYO (N=7, k=5)							
Mitsukoshi	-	5	3	4	3	4	19
Takashimaya	-	6	7	2	2	3	20
Seibu	-	4	5	7	6	5	27
Parco	-	7	6	5	5	6	29
Marui	-	3	4	6	7	7	27
Isetan	-	1	2	1	1	1	6
Tokyu Hands	-	2	1	3	4	2	12

$W=0.6286$ , average Spearman's Rho = 0.5357



Where the data consist of N objects ranked by k different judges, the degree of rank agreement can be tested using Kendall's Coefficient of Concordance W (Siegal and Castellan, 1988: pp.262-272; Churchill, 1983: pp.597-99; Wright and Fowler, 1986). W is a score between 0 and 1. A greater degree of concordance between the k judges is indicated when W is near to 1, and less concordance when W is near to 0. W shows a linear relationship to the Spearman  $r_s$  used in the previous section. Using the calculated W it is possible to compute the average  $r_s$  for all possible paired combinations of different rankings, ie.  $N(N-1)/2$ .

W is calculated using the following formula, although others are also possible (Siegal and Castellan, 1988: pp.263-265):

$$W = \frac{12\sum R_i^2 - 3k^2 N(N+1)}{k^2 N(N^2 - 1)}$$

where  $\sum R_i^2$  is the sum of the squared sum of ranks for each of the N stores being ranked. k represents the number of judges; in this case the number of consumer types. In Tokyo and Mito there were insufficient cases to produce rankings of stores for high school students and housewives respectively. In these cities k=5, but in Nagoya and Yokohama k=6. The  $R_i$  for each primary store is given in the final column in table 9.8.

The W scores for each city were as follows:

Nagoya	W=0.6974,	k=6
Yokohama	W=0.6726,	k=6
Mito	W=0.3985,	k=5
Tokyo	W=0.6285,	k=5

Employing the table on page 365 of Siegal and Castellan (1988), it is possible to find the significance of these scores. The following hypotheses were applied:

H<sub>0</sub> : there is no relation between the ranks produced by each consumer type

$H_1$  : the ranks produced by each consumer type are related positively

For  $N=7$  and  $k=6$ , the scores for Nagoya and Yokohama are both significant at the 1% level. For  $N=7$  and  $k=5$ , the score for Mito is just significant at the 5% level, and the Tokyo result is significant at the 1% level.

Therefore, despite the conclusions suggested by tables 9.6 and 9.7 that the different consumer types distinguish between stores to differing extents, the results of the analysis using Kendal's coefficient of concordance suggest that in all cases, the differing rankings produced by the six (five) consumer types are significantly related.

It can be concluded from this that  $H_7$  is true, and different consumer types do distinguish between stores in a similar manner. There is evidence, however, for some reservation concerning the degree to which consumer types are willing to criticise or praise stores. This could be the subject of further research, perhaps combined with a consideration of the use of Likert and similar scales in Japan, and the varying responses of different consumer types to these scales.

#### 9.4 RANKING OF DIFFERENT RETAIL STORE TYPES

The results of the store assessments carried out during the interview survey suggested that consumers could most easily differentiate between stores in terms of store type and store location. The stores' location was not emphasised in the questionnaire, with only a single construct relating to this factor. Hypothetically, however, differentiation by store type should be apparent. This was the subject of hypothesis  $H_8$ :

$H_8$ : Within the rank order, different retail store types are easily distinguishable.

It is natural to assume that consumers will distinguish clearly between different store types as a simple point of store identification. In the survey, subject stores were mainly limited to three types: department stores, fashion



buildings and superstores. A single variety store, Tokyu Hands, was employed in the Tokyo questionnaires. The rank order of these store types will be considered in section 9.6. In this section, consumer's differentiation between store types is considered. This was done by using non-parametric tests based on Friedman's statistic. Respondents' perceptions of the eight primary subject stores was then considered in a graphical form by employing MDS analysis.

#### 9.4.1 COMPARISON OF ABSOLUTE DIFFERENCES BETWEEN FRIEDMAN'S $F_r$

As described above, Friedman's two-way ANOVA provides the average rank for each store for all constructs employed in the store assessment, ie. Question 1. The average rank is a score between one and eight, there being eight stores, seven actual stores and an 'ideal' store. The lower the rank, the better the average rank overall.

In the previous sections it was shown that Friedman's  $F_r$  was significant for the data from each city taken as a whole, and, with some reservations, for all but one classification of the same data split by consumer types. By comparing the average rank for each individual element store against the average rank of all other stores in the same city, it is possible to investigate the precise nature of respondents' differentiation between stores.

The method employed is described by Siegal and Castellan (1988: pp.180-181). Where the sample size is large, which in the present case is true for all cities, and after adjustments are made as differences are not independent, the absolute differences in average ranks are approximately normally distributed.

If  $H_8$  is true, the average ranks for similar store types, for example the rank of one department store with another, will not be significantly differentiated. On the other hand, significant differences in average ranks will occur between stores of different types, eg. between a department store and a superstore.

Absolute significant differences for single pairs of average ranks were

calculated by hand using the following inequality (Siegal and Castellan (1988: p. 180):

$$| \bar{R}_i - \bar{R}_j | \geq z_{\alpha/k(k-1)} \sqrt{\frac{k(k+1)}{6N}}$$

where

$| \bar{R}_i - \bar{R}_j |$  = the absolute difference between average ranks  $i$  and  $j$

$k$  = the number of stores assessed

$N$  = the number of cases employed to compute the average ranks

$z_{\alpha/k(k-1)}$  = the value on the normal distribution above which  $\alpha/k(k-1)$  percent of the distribution lies.

The following operational hypothesis were used:

$H_0 : \theta_i = \theta_j$  (the average rank of store  $i$  is equivalent to the average rank of store  $j$ )

$H_1 : \theta_i \neq \theta_j$  (the average rank of store  $i$  is not equivalent to the average rank of store  $j$ )

$H_0$  will be rejected where the absolute difference in the average ranks, ie. the left-hand side of the above inequality, is greater or equal to the standardised expected value calculated using the right-hand side. It can then be concluded that the particular pair of average ranks was significantly differentiated.

Using the full data sets for each of the four cities, tables 9.9 to 9.12 present the absolute differences between the average ranks of each pair of stores in each city in the form of half matrices. Taking  $\alpha=0.01$ , the cut-off score for each city is shown under each table. Each table presents the full set of compared calculations. Significantly different pairs of average ranks are marked with an asterisk. The number of significantly different paired comparisons are in the majority in all cases.

These results alone present a fairly inconclusive picture, and raises more problems than they solve. Groups of non-significantly differentiated stores do emerge, but these do not always correspond directly to store type. The results of each table are discussed below.



#### 9.4.2 NAGOYA RESULTS (TABLE 9.9)

In Nagoya only five pairs of absolute ranks were not significantly differentiated. These were:

- Matsuzakaya and Mitsukoshi
- Maruei and Central Park
- Maruei and Meitetsu Melsa
- Central Park and Meitetsu Melsa
- Meitetsu Melsa and the Local Supermarkets

As could have been expected, Matsuzakaya and Mitsukoshi, the two main department stores, were the least significantly differentiated.

The average rank of the third department store, Maruei was significantly different from the other two department stores. It was not, however, differentiated from the average ranks of either Central Park '4' or Meitetsu Melsa, both of which are fashion buildings. The two fashion buildings were also not significantly distinguished from each other, creating a triad of similar stores: Maruei, Central Park and Meitetsu Melsa. Maruei has a pair of fashion buildings joined to its main store, one of which is the store's annex - 'Maruei Skyle'. It may be that consumers perceived Maruei more in terms of the strength of image emanating from the annex than from the department store itself. If this is true, the results for Nagoya do present two groups identified in terms of the store type. That is a pair of department stores, and a triad of fashion buildings.

The one further non-significant result, however, is that for Meitetsu Melsa, a fashion and variety based fashion building, and the Local Supermarkets. As explained in chapter 6, it was not possible to identify a single supermarket which would be known to all respondents. Local Supermarkets represent the supermarkets used by the respondents in the areas near their homes. The score for the latter are even significantly different from that for the central superstore in the city, Daiei. Reasons for this result are unclear, and suggest the results may be unreliably inconsistent. Why is the average rank for Meitetsu Melsa not significantly different from that of Local Supermarkets,

TABLE 9.9

DIFFERENCES BETWEEN AVERAGE STORE RANKS - NAGOYA

Store		ABSOLUTE DIFFERENCES BETWEEN AVERAGE RANKS						
Store	Type	Store 1	Store 2	Store 3	Store 4	Store 5	Store 6	Store 7
1 Matsuzakaya	Dep't Store	-						
2 Mitsukoshi	Dep't Store	0.11	-					
3 Maruei	Dep't Store	* 0.55	* 0.66	-				
4 Central Park	Fashion B'ld	* 0.40	* 0.51	0.15	-			
5 Meitetsu Melsa	Fashion B'ld	* 0.69	* 0.80	0.14	0.29	-		
6 Dalei	Superstore	* 1.52	* 1.63	* 0.97	* 1.12	* 0.83	-	
7 Local Supermarket	Superstore	* 0.98	* 1.09	* 0.43	* 0.58	0.29	* 0.54	-
8 Ideal Store	-	* 0.75	* 0.64	* 1.30	* 1.15	* 1.44	* 2.27	* 1.73

With  $\alpha=0.01$ , significant scores are given by  $|\overline{R}_i - \overline{R}_j| \geq 3.57 \sqrt{\frac{8(8+1)}{6(1680)}} \geq 0.30$

Significant results are marked with an asterisk.



when it is also found to be similar to that of two higher prestige stores like Maruei and Central Park? Meitetsu Melsa is the only specified store of the six used that is not located in the city centre, being located two miles to the west in Nagoya station. As Local Supermarkets are also located away from the central area, this factor may have caused the anomaly.

It should be noted, however, that the absolute differences between Meitetsu Melsa and Central Park, and between Meitetsu Melsa and Local Supermarkets were only just significant at the 1% level. These results would not have occurred if a more stringent significance level had been chosen.

#### 9.4.3 YOKOHAMA RESULTS (TABLE 9.10)

Yokohama results also produced only four non-significant results. These were:

- Mitsukoshi and Okadaya Moars
- Mitsukoshi and Vivre 21
- Okadaya Moars and Vivre 21
- Vivre 21 and the Local Supermarkets

Again, a group of three stores emerged clearly: Mitsukoshi, Vivre 21, and Okadaya Moars. As in Nagoya, one of these was a department store, while the remaining two were fashion buildings. Once more, the reason for this is unclear, but, again, it may be related to the three store's close proximity in the city.

The ranks of the other two department stores, Takashimaya and Sogo, and another fashion building, Yokohama Lumine, were significantly differentiated from each other and from the other stores in the study. This possibly reflects the higher grade of these stores, providing a more exclusive atmosphere.

It is interesting to note the similarity of the score for Sogo department store and that for the Ideal Store. Clearly, Sogo department store is very highly thought of by Yokohama consumers. <sup>(5)</sup>

TABLE 9.10

DIFFERENCES BETWEEN AVERAGE STORE RANKS -- YOKOHAMA

Store			ABSOLUTE DIFFERENCES BETWEEN AVERAGE RANKS						
Store	Type	Mean Rank	Store 1	Store 2	Store 3	Store 4	Store 5	Store 6	Store 7
1 Y'hama Takashimaya	Dep't Store	4.03	-						
2 Y'hama Sogo	Dep't Store	3.59	* 0.44	-					
3 Y'hama Mitsukoshi	Dep't Store	5.28	* 1.25	* 1.69	-				
4 Okadaya Moars	Fashion B'ld	5.33	* 1.30	* 1.74	0.05	-			
5 Lumine Yokohama	Fashion B'ld	4.42	* 0.39	* 0.83	* 0.86	* 0.91	-		
6 Vivre 21	Fashion B'ld	5.17	* 1.14	* 1.58	0.11	0.16	* 0.75	-	
7 Local Supermarket	Superstore	4.95	* 0.92	* 1.36	* 0.33	* 0.38	* 0.53	0.22	-
8 Ideal Store	-	3.24	* 0.79	* 0.35	* 2.04	* 2.09	* 1.18	* 1.93	* 1.71

With  $\alpha=0.01$ , significant scores are given by  $|\overline{R}_i - \overline{R}_j| \geq 3.57 \sqrt{\frac{(8+1)}{6(1474)}} \geq 0.32$

Significant results are marked with an asterisk.



#### 9.4.4 MITO RESULTS (TABLE 9.11)

In Mito, a large number of the average ranks, 13 out of 28, were not differentiated to a significant level. This suggests that Mito respondents distinguish between stores to a much lesser degree than those in other cities. This may be due to several reasons. It may be that Mito stores are genuinely very similar; consumers may have less interest in stores; or, as already suggested, there may be problems with the Mito survey data. Ignoring this final possibility for the time being, some logical groups can be distinguished by considering the degree to which average ranks are not differentiated. There are three of these.

First, Isejin and Keisei, the two local department stores, appear as very 'average'. Both stores are only significantly differentiated from Uny and the Ideal Store measure. The two local department stores are not significantly differentiated from any of the other three stores. In addition, the absolute difference between average ranks for the two stores themselves (0.15) suggests that Isejin and Keisei appear to form a specific pair of related outlets.

Secondly, the three stores of Mito Seibu, Excel and Marui all produced non-significant results, suggesting that consumers particularly failed to differentiate between them. Again, there is the triad combination of one department store and two fashion buildings.

The difference between this triad and the cases in Nagoya and Yokohama is that, in the previous two cases, the department store in question has been the least fashionable and least popular of the three main stores used in the study, which makes explanations difficult. In the case of Mito, Seibu has a far better (ie. lower) average rank than either Keisei or Isejin, its two department store rivals in the city. Seibu is a popular, fashionable store. This makes the inferred similarity with two equally fashionable and progressive fashion buildings easier to understand.

Finally in Mito, the average ranks of two major superstores, Daiei and Uny,

TABLE 9.11

DIFFERENCES BETWEEN AVERAGE STORE RANK - MITO

Store		ABSOLUTE DIFFERENCES BETWEEN AVERAGE RANKS							
Store	Type	Mean Rank	Store 1	Store 2	Store 3	Store 4	Store 5	Store 6	Store 7
1 Isejin	Dep't Store	4.62	-						
2 Mito Keisel	Dep't Store	4.77	0.15	-					
3 Mito Seibu	Dep't Store	4.30	0.32	0.47	-				
4 Excel	Fashion B'ld	4.36	0.26	0.41	0.06	-			
5 Mito Marui	Fashion B'ld	4.36	0.26	0.41	0.06	0.00	-		
6 Mito Daisei	Superstore	4.94	0.32	0.17	* 0.64	* 0.58	* 0.58	-	
7 Mito Uny	Superstore	5.35	* 0.73	* 0.58	* 1.05	* 0.99	* 0.99	0.41	-
8 Ideal Store	-	3.29	* 1.33	* 1.48	* 1.01	* 1.07	* 1.07	* 1.65	* 2.06

With  $\alpha = 0.01$ , significant scores are given by  $|\bar{R}_i - \bar{R}_j| \geq 3.57 \sqrt{\frac{8(8+1)}{6(609)}} \geq 0.50$

Significant results are marked with an asterisk.



were not differentiated to a significant degree. This again illustrates a group of stores by store type. Daiei is considered similar to Isejin and Keisei, but Uny is significantly differentiated from all other stores, except Daiei.

#### 9.4.5 TOKYO RESULTS (TABLE 9.12)

In Tokyo, the two Nihonbashi department stores, Mitsukoshi and Takashimaya, were not significantly differentiated. On the other hand, Isetan, the third large, traditional department store in the survey, was significantly differentiated from Mitsukoshi, but not Takashimaya. This may reflect the current high popularity and fashionability of Isetan and Takashimaya as compared with Mitsukoshi, while the locational proximity and traditional image of Takashimaya and Mitsukoshi mean that they are linked separately.

Predictably, the average rank of the fourth department store, Seibu Yurakucho, is not significantly differentiated from the two fashion buildings, Parco (Shibuya) and Marui (Shinjuku). The Yurakucho branch of Seibu is the chain's leading fashion store, exhibiting new designs and styles in all types of merchandise. Drastically new merchandise concepts and ideas are sold here prior to moving on to other stores in the group. This would create consumer perceptions of a store that bore greater similarity to fashion buildings than to the three traditional department stores.

The final result for the Tokyo data is the most puzzling. The two traditional department stores, Mitsukoshi and Takashimaya, were not significantly differentiated from the variety store Tokyu Hands. As the latter store has very few obvious similarities to the big Nihonbashi stores, this can only be considered an anomaly in the data. It is possible that the questionnaire confused respondents. As discussed above in chapter 7, the large number of possible subject stores in Tokyo meant that the subject stores covered not only a number of store types, but equally a number of retail companies. For many people, Tokyu is primarily a major department store. In addition, there is a

TABLE 9.12

DIFFERENCES BETWEEN AVERAGE STORE RANKS - TOKYO

Store		ABSOLUTE DIFFERENCES BETWEEN AVERAGE RANKS							
Store	Type	Mean Rank	Store 1	Store 2	Store 3	Store 4	Store 5	Store 6	Store 7
1 Mitsukoshi, Nihonbashi	Dep't Store	4.57	-						
2 Takashimaya, Nihonbashi	Dep't Store	4.35	0.22	-					
3 Seibu, Yurakucho	Dep't Store	5.07	* 0.50	* 0.72	-				
4 Parco, Shibuya	Fashion B'ld	5.03	* 0.46	* 0.68	0.04	-			
5 Marui, Shinjuku	Fashion B'ld	5.19	* 0.62	* 0.84	0.12	0.16	-		
6 Isetan, Shinjuku	Dep't Store	4.03	* 0.54	0.32	* 1.04	* 1.00	* 1.16	-	
7 Tokyu Hands	Variety Store	4.44	0.13	0.09	* 0.63	* 0.59	* 0.75	* 0.41	-
8 Ideal Store	-	3.33	* 1.24	* 1.02	* 1.74	* 1.70	* 1.86	* 0.70	* 1.11

With  $\alpha=0.01$ , significant scores are given by  $|\bar{R}_i - \bar{R}_j| \geq 3.57 \sqrt{\frac{8(8+1)}{8(1079)}} \geq 0.38$

Significant results are marked with an asterisk.



major Tokyu department store branch (32,000 square metres) at Nihonbashi, located between the Mitsukoshi and Takashimaya stores used in the study. A combination of confusion over this particular store, and the department store image of the Tokyu group as a whole, may have led respondents to choose similar responses to that given to the two traditional stores.

#### 9.4.6 PRELIMINARY CONCLUSIONS

Analysis of average ranks proved inconclusive in determining the acceptability of H8. Clear groupings of stores were distinguished on this basis, but these did not obviously conform to expected groupings by stores' business. Groups that included department stores and fashion buildings occurred in all four cities. This would appear to suggest that the business of these two store types tend to overlap in Japanese consumers' perceptions.

For Mito and Tokyo, the groupings could perhaps have been predicted in terms of the department stores' fashionability and progressive merchandise mix, but the results for Nagoya and Yokohama, where the least fashionable department store grouped with fashion buildings, explanation is more difficult.

On the basis of the preferential rankings of stores that result from the data scale alone, it is not possible to either accept or reject the hypothesis that stores are differentiated on the basis of their business type. Traditional department stores are seen as similar, but certain fashion buildings appear to be perceived as similar to smaller, more fashionable department stores, and to the second level department stores.

It must be recognised, however, that the analysis of the resulting ranks for the subject stores is a very simple, aggregated method. On an ordinal assessment scale of only five, ranking eight stimuli inevitably leads to a large number of tied ranks. That is to say, there must be at least three ties for every single case. <sup>(6)</sup> With such a large number of cases, and the problem of a high proportion of tied ranks, one would have expected results to be

significant in most cases, and this was the final result. The analysis, therefore, requires some extension.

## 9.5 CONSUMER PERCEPTIONS USING MULTIDIMENSIONAL SCALING

### 9.5.1 USE OF MULTIDIMENSIONAL SCALING

To further analyse the difference between stores, and to attempt to alleviate problems within the data, an alternative analysis was performed using the multidimensional scaling (MDS) Euclidian model. The aim was to produce four scatterplots that would illustrate the relation between the eight subject stores in each city.

The data for each city were first reduced to eight by eight matrices of proximity measures using the appropriate SPSSx procedure. These are measures of the similarity between the scale assessments of the eight subject stores for each city. They were calculated using the standard formula for Euclidian distance, the square root of the sum of the squared distances between two points.

$$\text{Euclid distance } d_{ij} = \sqrt{\left( \sum_{r=1}^p (x_{ir} - x_{jr})^2 \right)}$$

(Coxon, 1982: pp.34-35)

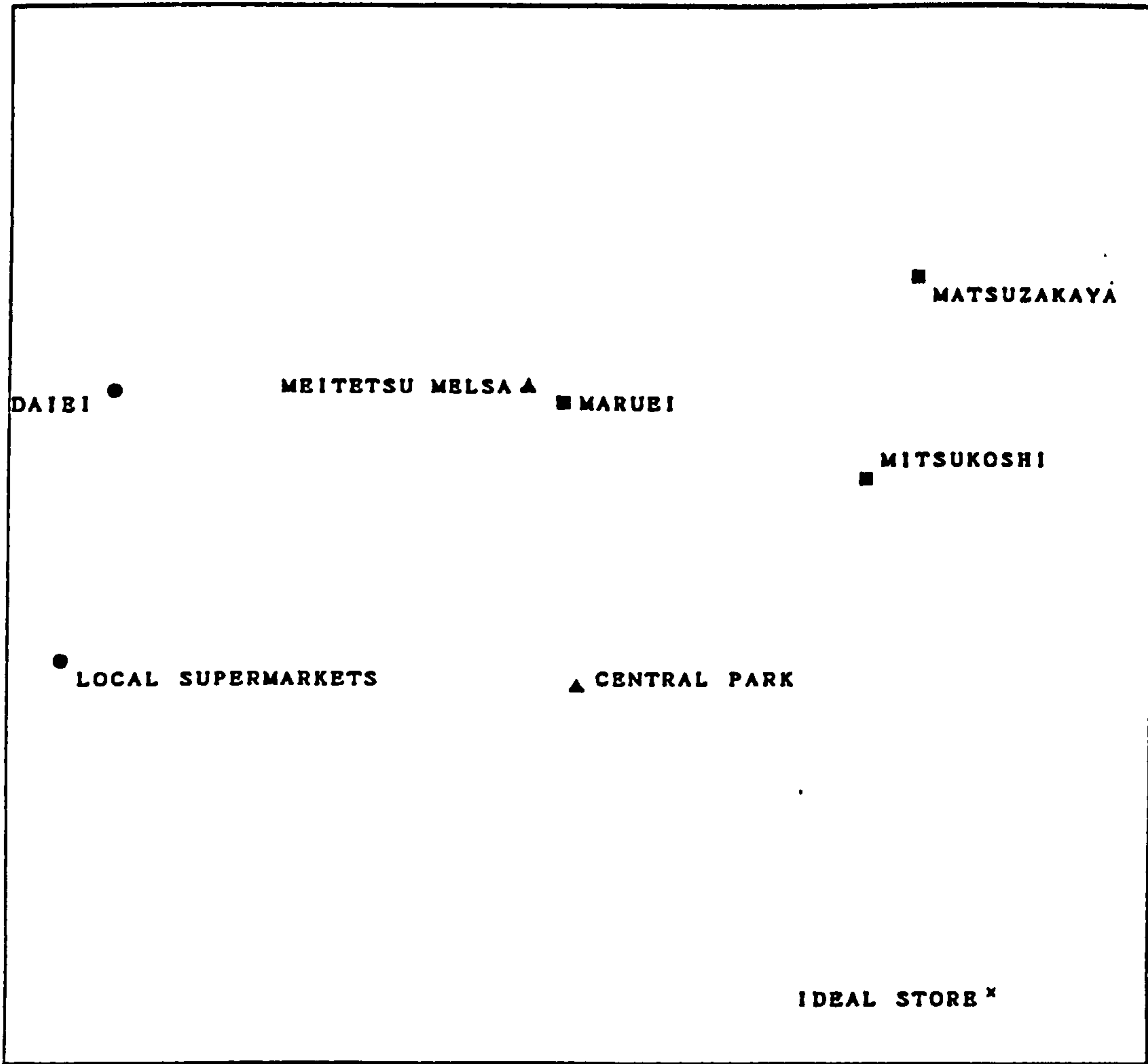
This has the problem that the data must be assumed to be continuous, which is not the case, but the final results were accepted as being sufficiently credible to be accepted (see figures 9.1 to 9.4). Making this assumption allows greater flexibility to be applied to the data, and helps to alleviate problems of tied scores over a narrow assessment scale.

The resulting proximity matrices were used directly in the MDS procedure. Four scatterplots were produced, and these are presented in figures 9.1 to 9.4. Kruskal's Stress was less than 0.1, with  $R^2$  greater than 0.9 in all four cases,



FIGURE 9.1

SCATTERPLOT FOR FULL NAGOYA DATA

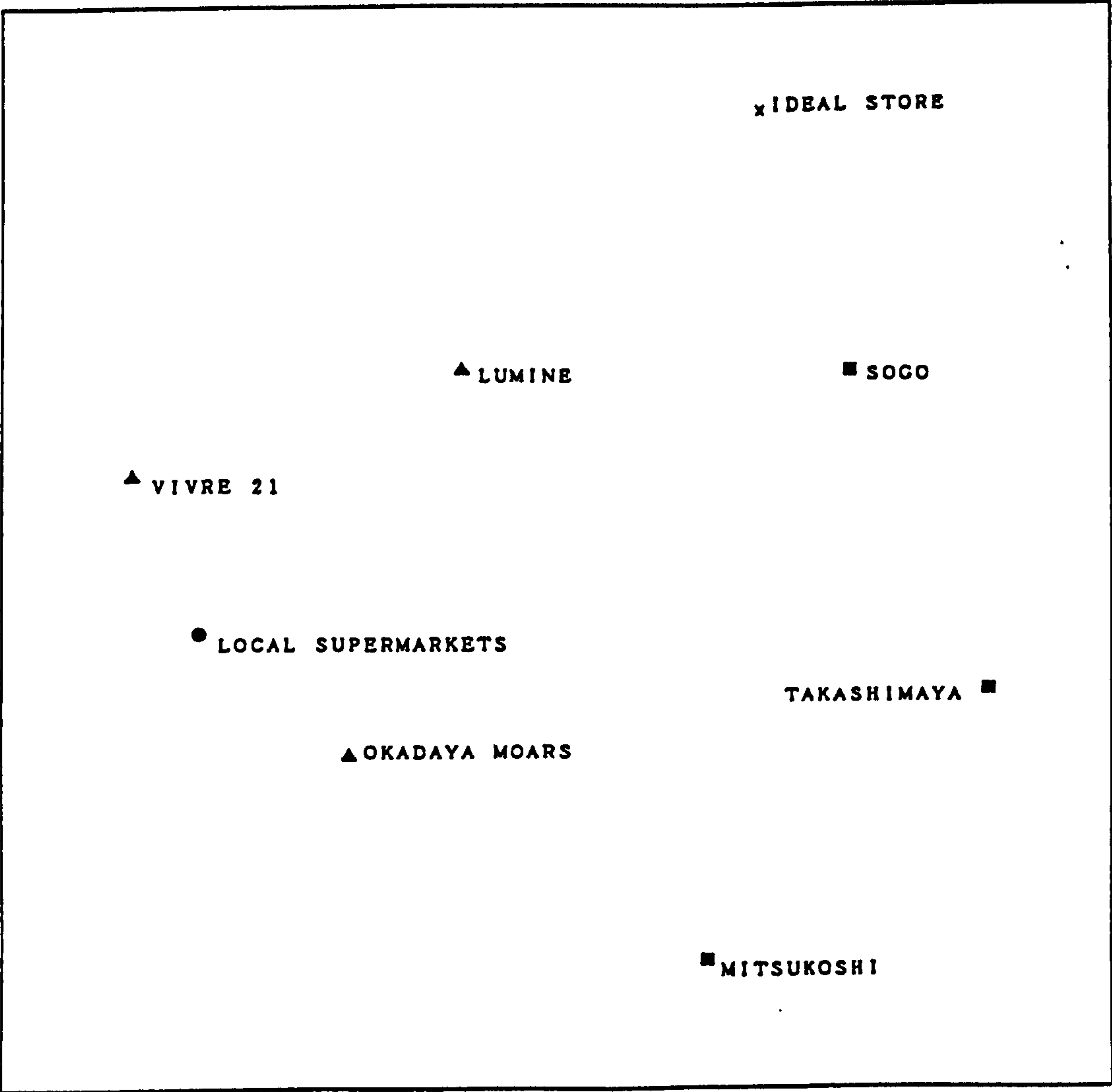


Kruskal's Stress = 0.071     $R^2 = 0.971$

■ Department Store    ▲ Fashion Buildings    ● Superstores    x Ideal store

FIGURE 9.2

SCATTERPLOT FOR FULL YOKOHAMA DATA



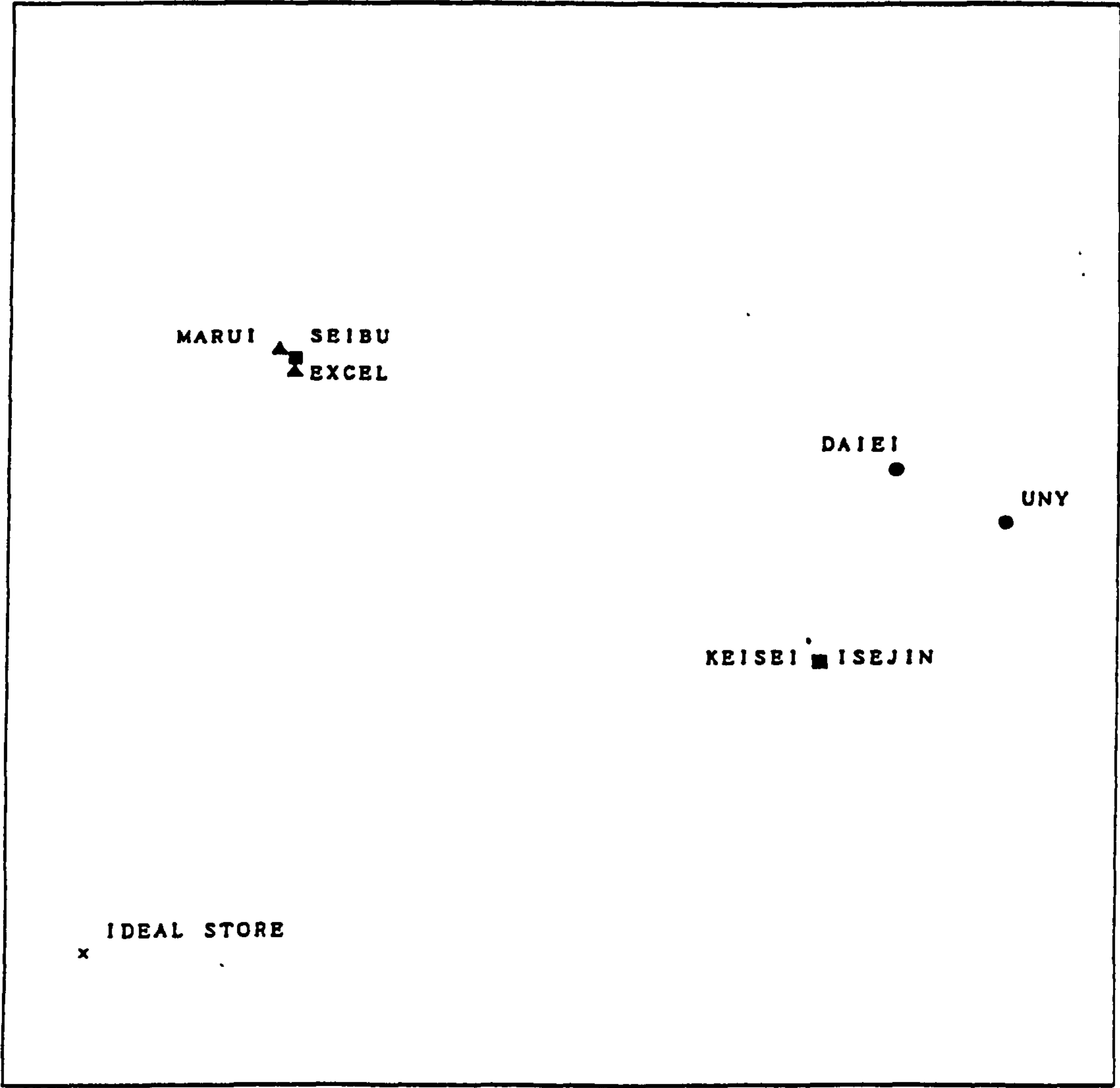
Kruskal's Stress = 0.092       $R^2 = 0.929$

■ Department Store    ▲ Fashion Buildings    ● Superstores    x Ideal Store



FIGURE 9.3

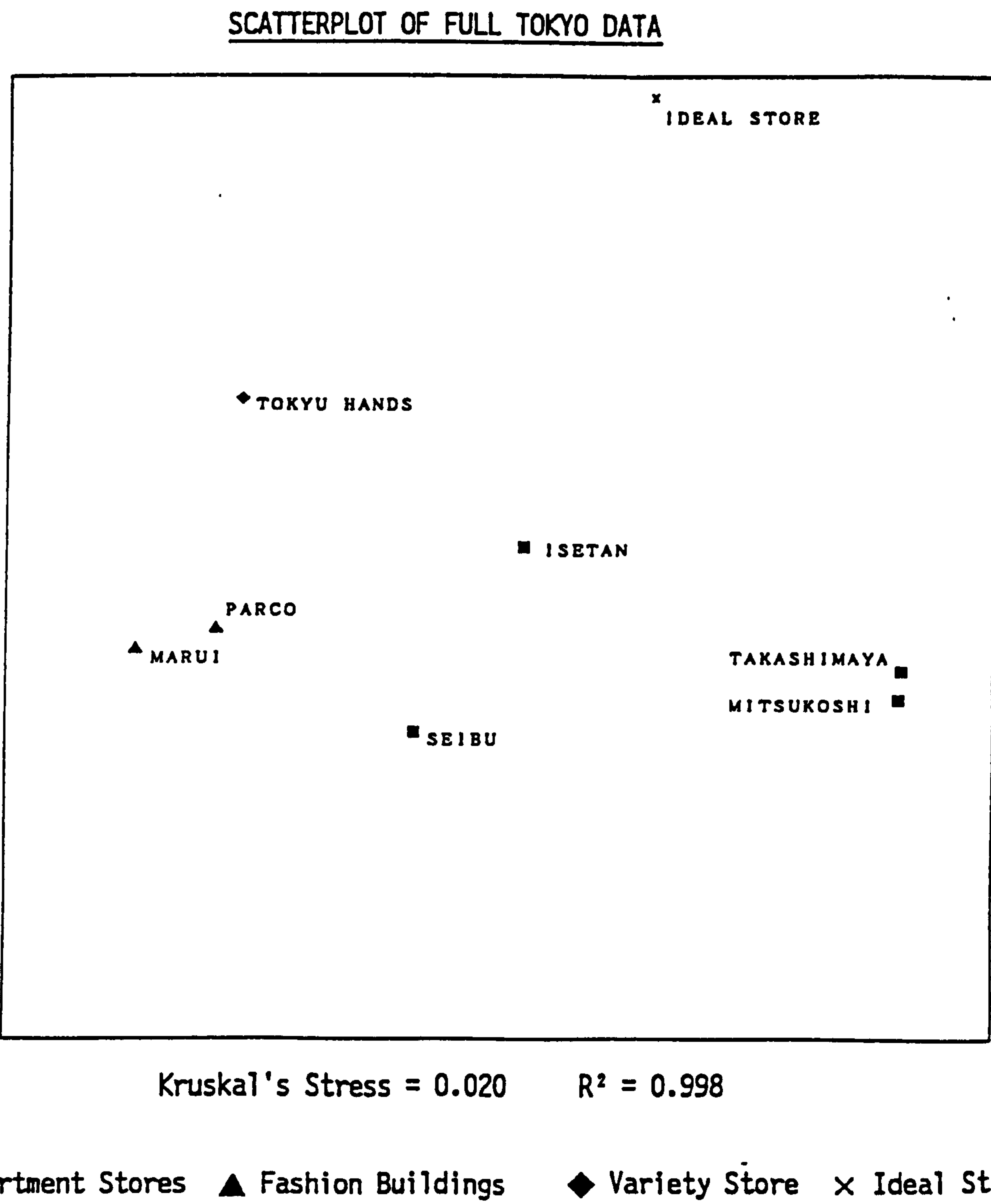
SCATTERPLOT FOR FULL MITO DATA



Kruskal's Stress = 0.31       $R^2 = 0.996$

■ Department Stores    ▲ Fashion Buildings    ● Superstores    x Ideal Store

FIGURE 9.4





indicating good fits. This will have been enhanced by the use of proximity data.

#### 9.5.2 ASSESSING THE MDS SCATTERPLOTS FOR STORE DIFFERENTIATION

A simple, visual assessment of the four figures appears to confirm some of the above analysis of store ranks (section 9.4). In the Nagoya plot (figure 9.1), Maruei, Meitetsu Melsa and Central Park appear to form a single grouping. In Yokohama (figure 9.2), Vivre 21 is positioned near to the Local Supermarkets, but Mitsukoshi is separated from the fashion buildings. In Mito (figure 9.3), the grouping of Seibu and the two fashion buildings appears to be strongly supported, as is the relation between Keisei and Isejin, and Daiei and Uny. In figure 9.4, the Tokyo results support the similarity of Takashimaya and Mitsukoshi, differentiate Isetan and Seibu, but leave the question of the position of Tokyu Hands unresolved.

Beyond these subjective observations, it is difficult to expand the discussion beyond that presented in section 9.4. To further investigate the resulting relationships between the different stores, and to aid interpretation, a hierarchical cluster analysis was carried out using the same proximity matrices used for the MDS analysis (see Everitt, 1974).

This type of hierarchical cluster analysis groups together pairs of stores in terms of the squared Euclidian distances between their respective scores. Those pairs of stores which have the smallest differences between assessment scores, as measured using the Euclidian distance proximity measure of proximity, are clustered first. Once clusters of pairs of variables are formed, clusters are themselves clustered together until all eight stores are contained in a single group. It is useful to illustrate the results of this analysis on the original MDS scatterplots. These are given in figures 9.5 to 9.8. Only the first three levels of clustering are shown to avoid unnecessary complexity in the diagrams.

### 9.5.3 DISCUSSION OF CLUSTERED STORE TYPES

As described above, the results for Nagoya (as given in figure 9.1) appear to suggest that Meitetsu Melsa and Maruei are perceived in a similar manner in terms of the MDS solution alone. That is, in the figure these two stores are positioned in close proximity to each other.

When the solution to the hierarchical cluster analysis for the same data is superimposed on the scatterplot (figure 9.5), the two stores are found to be in different clusters. The reason for this illustrates a problem with MDS. Although the two-dimensional solution produces a good fit with Stress = 0.071 and  $R^2 = 0.971$ , there are problems in interpreting the spatial representation of the relationships between the stores. The subsequent cluster analysis demonstrates that the two-dimensional solution may conceal certain factors in the data. A three-dimensional solution actually demonstrates the separation of the Meitetsu Melsa and Maruei stores, but is more difficult to illustrate graphically. Applying the results of cluster analysis to the two-dimensional plot provides a simplified solution to the same problem.

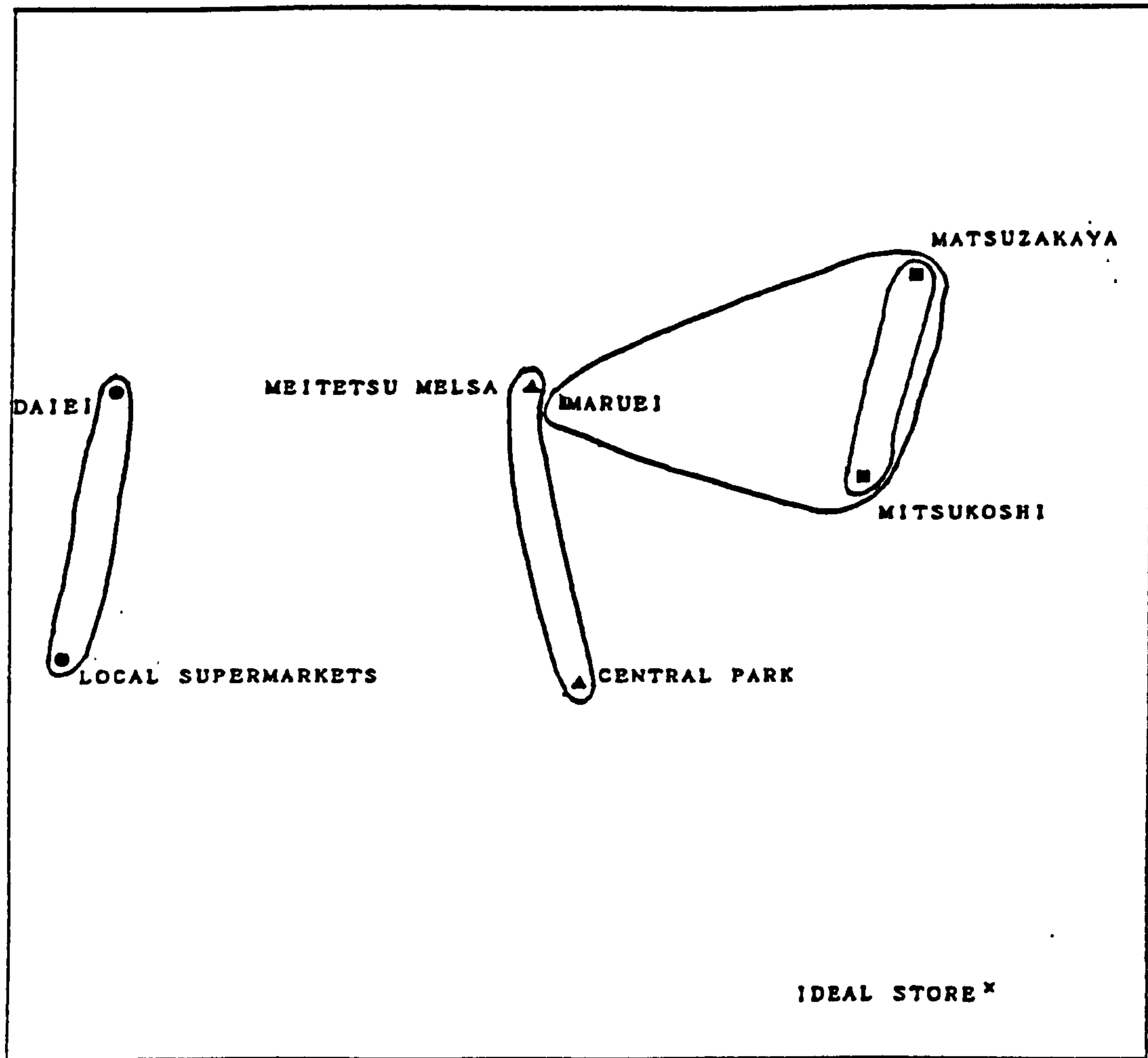
With the exception of the Tokyo solution (figure 9.8), the majority of stores on each plot cluster easily within two levels, that is to say, no more than two lines need to be drawn around any stores in order to cluster all the stores in the diagram. The Tokyo results reflect the number of similar stores being compared in the survey. Isetan and Tokyu Hands are differentiated from the pair of traditional department stores, Takashimaya and Mitsukoshi, and from the group of three fashion leader stores, Parco, Marui and Seibu. Presumably, Isetan and Tokyu Hands are perceived on a more subtle level than the other five stores. Both are relatively closer to the Ideal Store in the MDS solution, although both eventually cluster with the fashion leader stores.

In all four cities, the cluster analysis strongly confirms hypothesis H8. The doubts arising from analysis in section 9.4 do not appear, and it can be concluded, therefore, that stores are differentially perceived on the basis of



FIGURE 9.5

SCATTERPLOT AND CLUSTERS FOR NAGOYA DATA

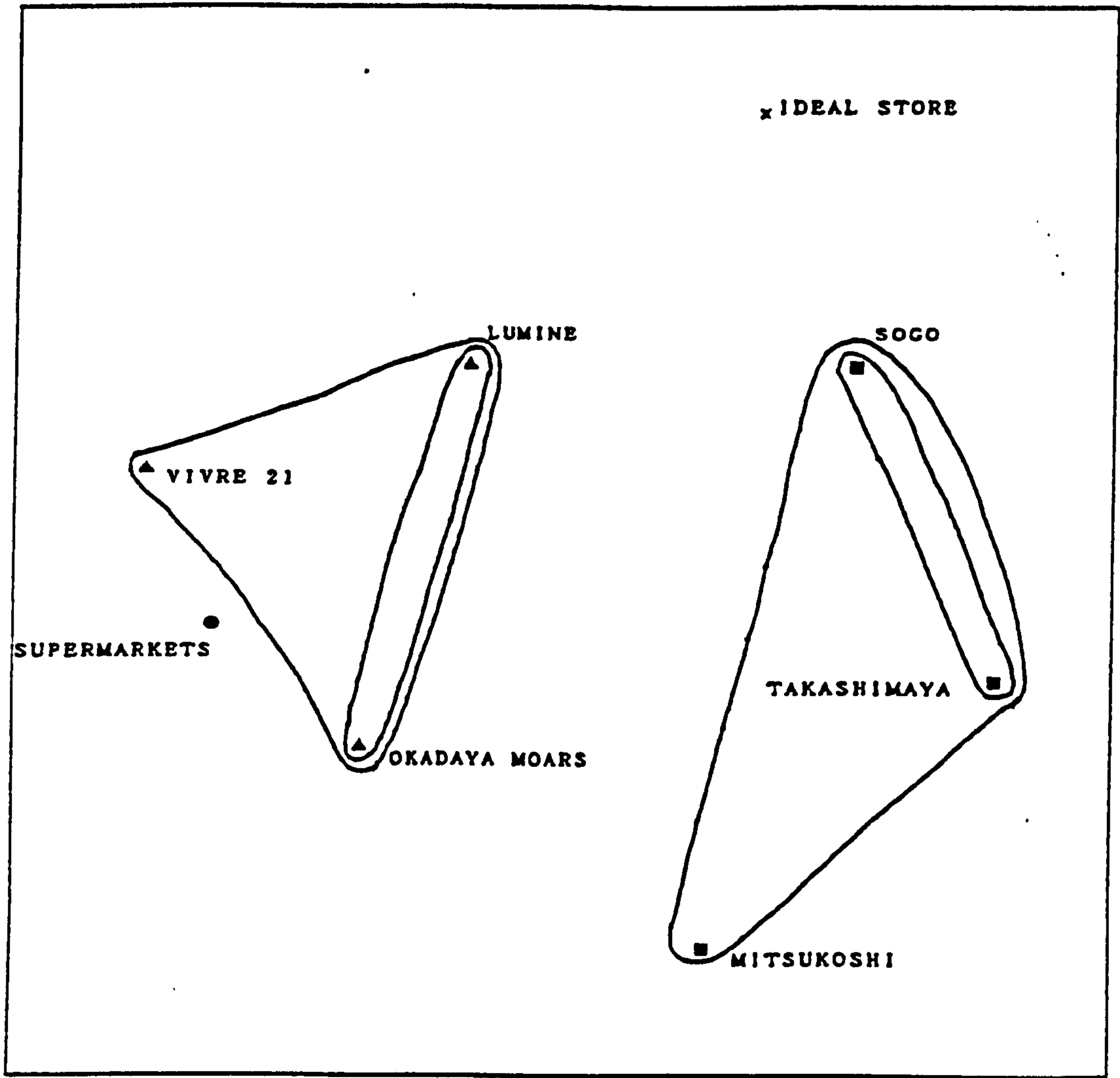


Kruskal's Stress = 0.071     $R^2 = 0.971$

■ Department Store    ▲ Fashion Buildings    ● Superstores    × Ideal store

FIGURE 9.6

SCATTERPLOT AND CLUSTER OF YOKOHAMA DATA



Kruskal's Stress = 0.092

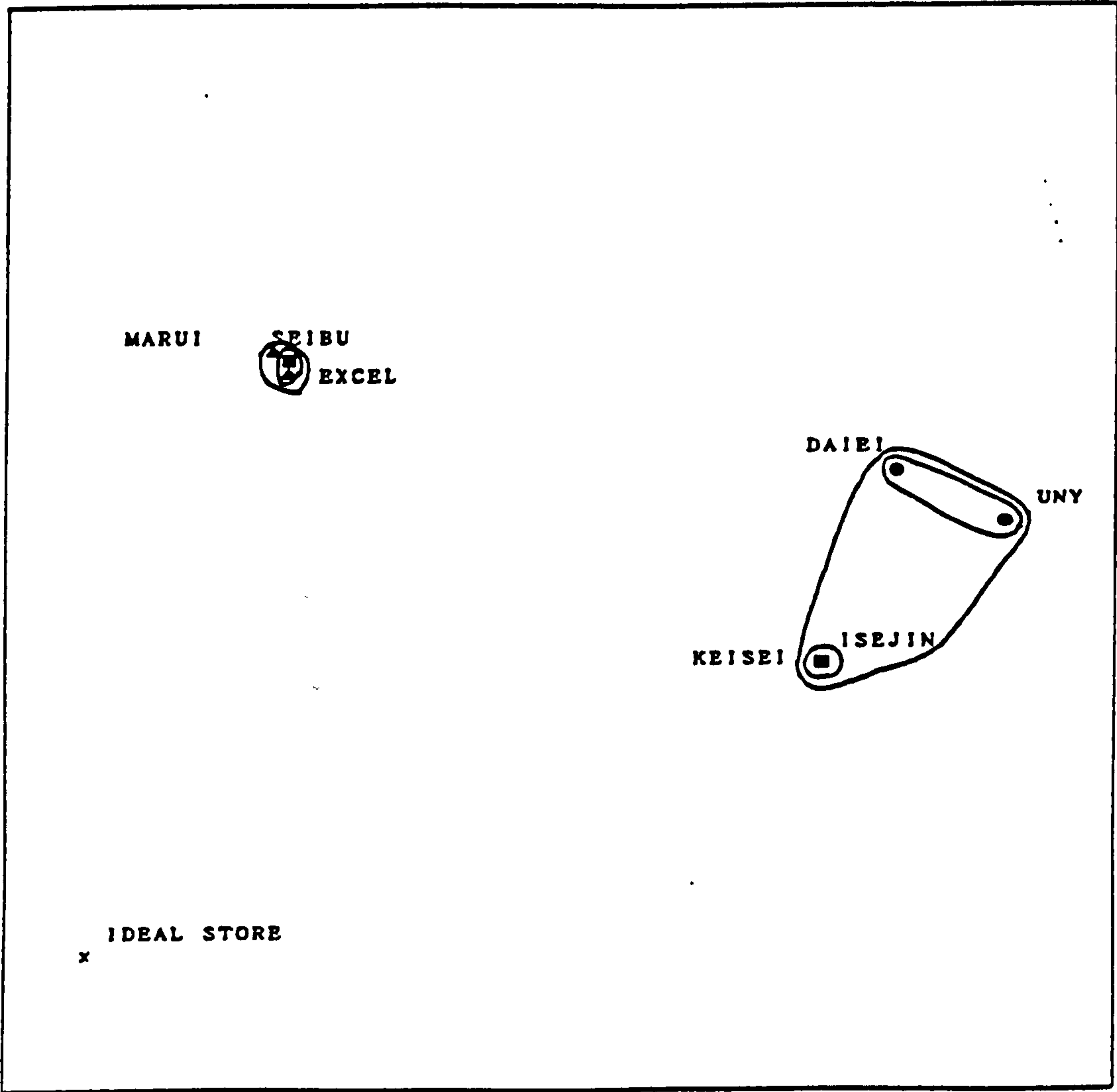
$R^2 = 0.929$

■ Department Store    ▲ Fashion Buildings    ● Superstores    × Ideal store



FIGURE 9.7

SCATTERPLOT AND CLUSTERS FOR MITO DATA

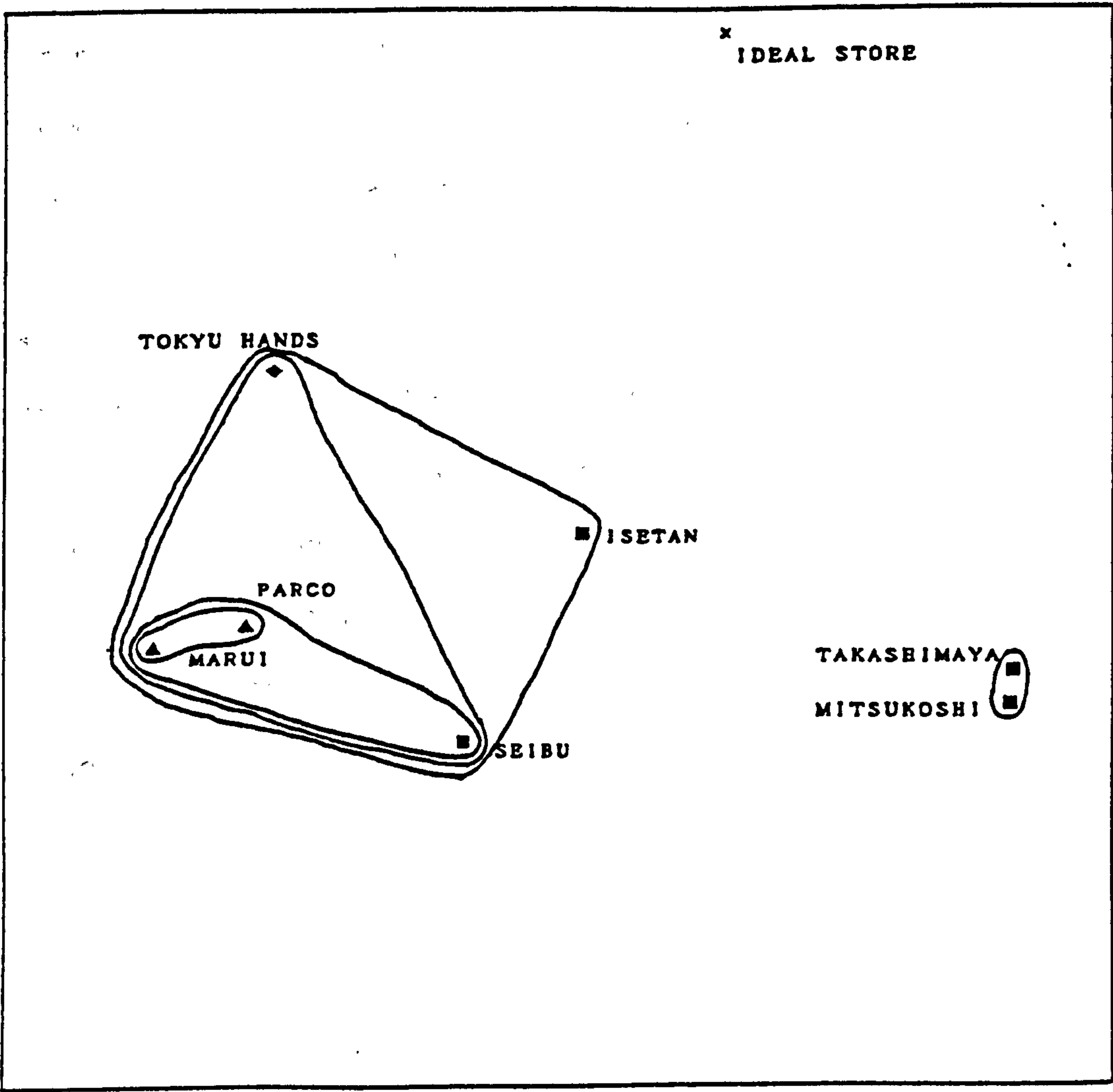


Kruskal's Stress = 0.071      $R^2 = 0.971$

■ Department Store    ▲ Fashion Buildings    ● Superstores    × Ideal store

FIGURE 9.8

SCATTERPLOT AND CLUSTER FOR TOKYO DATA



Kruskal's Stress = 0.071      $R^2 = 0.971$

■ Department Store    ▲ Fashion Buildings    ◆ Variety Store    × Ideal store



the store type. In all cases, the lowest level of the hierarchical cluster analysis groups department stores with department stores, fashion buildings with fashion buildings, and superstores with superstores. The unexpected anomalies suggested by analysis of average ranks are generally refuted. The grouping of the fashionable Seibu department stores with leading fashion buildings in both the Mito and Tokyo case is, however, confirmed. This illustrates the very different image of Seibu relative to the more traditional department stores.

In conclusion to this section, H8 is accepted. Consumers do group stores by store type. It must be noted, however, that the store's type of business is the issue here, rather than the actual type of store. In other words, Seibu, although a department store, is very different from the more traditional department stores. Consequently, consumers perceive this type of fashionable, popular store as having more similarity with groups of fashion buildings than with stores such as Mitsukoshi or Isejin.

## 9.6 DIFFERENCES IN PERCEPTIONS OF STORES BY CONSUMER TYPE

Already it has been seen that consumers' rankings of stores do not differ between consumer types. Further, it has been shown that stores are generally differentiated by store type. Now it is possible to consider the reasons behind these results and consider the problem of consumers' perceptions of large stores in more precise terms.

In section 9.7 (see below) the relationship between store rankings and the rating of the twenty assessment constructs will be considered in greater detail. In the present section, the differing perceptions of the five consumer types will be considered in terms of their apparent favoured stores. This is done at a simple, qualitative level, employing the average assessment scores for each primary store, ie. scores between one and five corresponding to the five point assessment scale. In doing so, the final hypothesis (H9) can be investigated.

This hypothesis was presented at the end of chapter 6 as:

H9: Store perceptions of different consumer types are similar across different types of store.

#### 9.6.1 THE USE OF AVERAGE ASSESSMENT SCORES TO RANK SUBJECT STORES

Tables 9.13 to 9.16 reiterate the rankings of primary stores in some detail. In this case, however, the tables present mean assessment scores relating to the twenty constructs, rather than the average rank of the stores. In other words, over the total number of assessments undertaken in each subject city (20 × n), the average score out of 5 (on the 5-point scale) is taken for each store.

Technically, it is inappropriate to use mean scores of ordinal level data for computational analysis. In effect, an assumption is made here that consumers' perceptions of stores were measured on a continuous scale running from 1 (best) to 5 (worst). This assumption would have been inappropriate should further analysis have been intended employing the average scores. As the average scores are to be used purely as points of comparison between the stores, however, this procedure is acceptable. The following discussion proceeds at the subjective level, employing the average score for each element store made by each consumer group as its basis.

The average scores serve as a measure of store preference: the lower the mean score the more the consumer type is assumed to favour the store. In tables 9.13 to 9.16 stores were ordered from lowest to highest mean score in assumed order of preference for each consumer type within each city.

The rank order of stores obtained using the mean scores bares noticable resemblance to the order produced by average ranks (see table 9.8). In terms of consumer preference, through the assumption of continuity, the mean scores provide a greater level of sensitivity to consumers' likes and dislikes as the problem of tied scores over a narrow measurement scale is alleviated. This allows the differences between mean scores and the overall range of scores to



TABLE 9.13

COMPARISON OF AVERAGE ASSESSMENT SCORES BY CONSUMER TYPE: NAGOYA

HIGH SCHOOL STUDENTS	STORE TYPE	AVERAGE	diff.	Cum Df.
Ideal Store	--	1.990	-	-
1. Central Park	fashion building	2.406	0.416	0.416
2. Matsuzakaya	department store	2.539	0.133	0.549
3. Mitsukoshi	department store	2.577	0.038	0.587
4. Maruei	department store	2.752	0.175	0.762
5. Meitetsu Melsa	fashion building	2.827	0.075	0.837
6. Local Supermarkets	supermarkets	2.871	0.044	0.881
7. Daiei	superstore	3.126	0.255	1.136
COLLEGE STUDENTS				
Ideal Store	--	2.337	-	-
1. Central Park	fashion building	2.600	0.263	0.263
2. Mitsukoshi	department store	2.625	0.025	0.288
3. Matsuzakaya	department store	2.759	0.134	0.422
4. Local Supermarkets	supermarkets	2.859	0.100	0.522
5. Maruei	department store	2.891	0.032	0.554
6. Meitetsu Melsa	fashion building	3.025	0.134	0.688
7. Daiei	superstore	3.238	0.213	0.901
OFFICE LADIES				
Ideal Store	--	2.047	-	-
1. Mitsukoshi	department store	2.351	0.304	0.304
2. Matsuzakaya	department store	2.680	0.329	0.633
3. Central park	fashion building	2.697	0.017	0.650
4. Maruei	department store	2.744	0.047	0.697
5. Meitetsu Melsa	fashion building	2.840	0.096	0.793
6. Local Supermarkets	supermarkets	3.207	0.367	1.160
7. Daiei	superstore	3.503	0.296	1.456
MALE SALARIED EMPLOYEES				
Ideal Store	--	2.415	-	-
1. Mitsukoshi	department store	2.505	0.090	0.090
2. Matsuzakaya	department store	2.555	0.050	0.140
3. Maruei	department store	2.850	0.295	0.435
4. Meitetsu Melsa	fashion building	2.975	0.125	0.560
5. Local Supermarkets	supermarkets	3.050	0.075	0.635
6. Daiei	superstore	3.078	0.028	0.663
7. Central Park	fashion building	3.138	0.060	0.723
HOUSEWIVES				
Ideal Store	--	2.252	-	-
1. Matsuzakaya	department store	2.450	0.198	0.198
2. Mitsukoshi	department store	2.578	0.128	0.326
3. Maruei	department store	2.875	0.297	0.623
4. Central Park	fashion building	2.971	0.096	0.719
5. Meitetsu Melsa	fashion building	3.010	0.039	0.758
6. Local Supermarkets	supermarkets	3.250	0.240	0.998
7. Daiei	superstore	3.556	0.306	1.304

TABLE 9.14

COMPARISON OF AVERAGE ASSESSMENT SCORES BY CONSUMER TYPE: YOKOHAMA

HIGH SCHOOL STUDENTS	STORE TYPE	AVERAGE	diff.	Cum.diff.
Ideal Store	--	2.265	-	-
1. Yokohama Sogo	department store	2.379	0.114	0.114
2. Lumine Yokohama	fashion building	2.568	0.189	0.303
3. Vivre 21	fashion building	2.652	0.084	0.387
4. Yokohama Takashimaya	department store	2.772	0.120	0.507
5. Local Supermarkets	supermarkets	2.929	0.157	0.667
6. Yokohama Mitsukoshi	department store	3.206	0.277	0.941
7. Okadaya Moars	fashion building	3.279	0.073	1.014

## COLLEGE STUDENTS

Ideal Store	--	1.894	-	-
1. Yokohama Sogo	department store	2.379	0.485	0.485
2. Lumine Yokohama	fashion building	2.593	0.214	0.699
3. Yokohama Takashimaya	department store	2.655	0.062	0.761
3. Vivre 21	fashion building	3.053	0.398	1.159
5. Local Supermarkets	supermarkets	3.110	0.057	1.216
6. Okadaya Moars	fashion building	3.160	0.050	1.266
7. Yokohama Mitsukoshi	department store	3.393	0.233	1.499

## OFFICE LADIES

Ideal Store	--	1.898	-	-
1. Yokohama Sogo	department store	2.177	0.279	0.279
2. Lumine Yokohama	fashion building	2.486	0.309	0.588
3. Yokohama Takashimaya	department store	2.516	0.030	0.618
4. Okadaya Moars	fashion building	2.922	0.406	1.024
5. Local Supermarkets	supermarkets	2.986	0.064	1.088
6. Yokohama Mitsukoshi	department store	3.245	0.259	1.347
7. Vivre 21	fashion building	3.395	0.150	1.497

## MALE SALARIED EMPLOYEES

Ideal Store	--	2.199	-	-
1. Yokohama Takashimaya	department store	2.400	0.201	0.201
2. Yokohama Sogo	department store	2.454	0.054	0.255
3. Yokohama Mitsukoshi	department store	2.916	0.462	0.717
4. Lumine Yokohama	fashion building	3.013	0.097	0.814
5. Local Supermarkets	supermarkets	3.025	0.012	0.826
6. Okadaya Moars	fashion building	3.187	0.162	0.988
7. Vivre 21	fashion building	3.402	0.215	1.203

## HOUSEWIVES

Ideal Store	--	2.133	-	-
1. Yokohama Takashimaya	department store	2.007	-0.126	-0.126
2. Yokohama Sogo	department store	2.124	0.117	-0.009
3. Local Supermarkets	supermarkets	2.953	0.829	0.820
4. Yokohama Mitsukoshi	department store	3.007	0.054	0.874
5. Lumine Yokohama	fashion building	3.017	0.010	0.884
6. Okadaya Moars	fashion building	3.378	0.361	1.245
7. Vivre 21	fashion building	3.459	0.081	1.326



TABLE 9.15

COMPARISON OF AVERAGE ASSESSMENT SCORES BY CONSUMER TYPE: MITO

HIGH SCHOOL STUDENTS	STORE TYPE	AVERAGE	diff.	Cum Diff.
Ideal Store	--	2.387	-	-
1. Mito Marui	fashion building	2.719	0.332	0.332
2. Mito Seibu	department store	2.806	0.087	0.419
3. Excel	fashion building	2.888	0.082	0.501
4. Isejin	department store	3.075	0.187	0.688
5. Mito Daiei	superstore	3.102	0.027	0.715
6. Mito Uny	superstore	3.190	0.088	0.803
7. Mito Keisei	department store	3.344	0.154	0.957

## COLLEGE STUDENTS

Ideal Store	--	2.043	-	-
1. Excel	fashion building	2.561	0.518	0.518
2. Mito Marui	fashion building	2.647	0.086	0.604
3. Mito Seibu	department store	2.741	0.094	0.698
3. Mito Keisei	department store	3.116	0.375	1.073
5. Isejin	department store	3.209	0.093	1.166
6. Mito Daiei	superstore	3.309	0.100	1.266
7. Mito Uny	superstore	3.547	0.239	1.505

## OFFICE LADIES

Ideal Store	--	2.121	-	-
1. Mito Seibu	department store	2.675	0.554	0.554
2. Mito Marui	fashion building	2.724	0.049	0.603
3. Isejin	department store	2.818	0.094	0.697
4. Excel	fashion building	2.860	0.042	0.739
5. Mito Keisei	department store	2.874	0.014	0.753
6. Mito Daiei	superstore	3.082	0.208	0.961
7. Mito Uny	superstore	3.404	0.322	1.283

## MALE SALARIED EMPLOYEES

Ideal Store	--	2.740	-	-
1. Isejin	department store	2.950	0.210	0.210
2. Mito Daiei	superstore	3.040	0.090	0.300
3. Excel	fashion building	3.060	0.020	0.320
4. Mito Keisei	department store	3.070	0.010	0.330
5. Mito Marui	fashion building	3.100	0.030	0.360
6. Mito Uny	superstore	3.110	0.010	0.370
7. Mito Seibu	department store	3.120	0.010	0.380

## HOUSEWIVES (1 case only)

Ideal Store	--	missing	-	-
1. Isejin	department store	1.900	1.900	1.900
2. Mito Keisei	department store	1.900	0.000	1.900
3. Mito Seibu	department store	2.250	0.350	2.250
4. Excel	fashion building	2.350	0.100	2.350
5. Mito Uny	superstore	2.600	0.250	2.600
6. Mito Daiei	superstore	2.750	0.250	2.850
7. Mito Marui	fashion building	2.800	0.050	2.900

TABLE 9.16

COMPARISON OF AVERAGE ASSESSMENT SCORES BY CONSUMER TYPE: TOKYO

HIGH SCHOOL STUDENTS                      STORE TYPE                      AVERAGE    diff.   Cum.diff.

No high school respondents

## COLLEGE STUDENTS

Ideal Store	--	2.425	-	-
1. Isetan	department store	2.519	0.094	0.094
2. Tokyu hands	variety store	2.750	0.231	0.325
3. Seibu, Yurakucho	department store	2.837	0.087	0.412
3. Marui, Shinjuku	fashion building	2.863	0.026	0.438
5. Mitsukoshi, Nihonbashi	department store	2.981	0.118	0.556
6. Takashimaya, Nihonbashi	department store	3.013	0.032	0.588
7. Parco, Shibuya	fashion building	3.100	0.087	0.675

## OFFICE LADIES

Ideal Store	--	2.018	-	-
1. Tokyu Hands	variety store	2.810	0.892	0.892
2. Isetan	department store	2.853	0.043	0.935
3. Mitsukoshi, Nihonbashi	department store	2.959	0.106	1.041
4. Seibu, Yurakucho	department store	3.092	0.133	1.174
5. Marui, Shinjuku	fashion building	3.102	0.010	1.184
6. Takashimaya, Nihonbashi	department store	3.147	0.045	1.229
7. Parco, Shibuya	fashion building	3.164	0.017	1.246

## MALE SALARIED EMPLOYEES

Ideal Store	--	2.338	-	-
1. Tokyu Hands	variety store	2.517	0.179	0.179
2. Isetan	department store	2.575	0.058	0.237
3. Takashimaya, Nihonbashi	department store	2.731	0.156	0.393
4. Parco, Shibuya	fashion building	2.833	0.102	0.495
5. Mitsukoshi, Nihonbashi	department store	2.924	0.091	0.586
6. Marui, Shinjuku	fashion building	2.992	0.068	0.654
7. Seibu, Yurakucho	department store	3.202	0.210	0.864

## HOUSEWIVES

Ideal Store	--	2.441	-	-
1. Takashimaya, Nihonbashi	department store	2.703	0.262	0.262
2. Isetan	department store	2.710	0.007	0.255
3. Mitsukoshi, Nihonbashi	department store	2.806	0.096	0.351
4. Tokyu Hands	variety stores	3.049	0.243	0.594
5. Parco, Shibuya	fashion building	3.327	0.278	0.872
6. Seibu, Yurakucho	department store	3.412	0.085	0.958
7. Marui, Shinjuku	fashion building	3.504	0.092	1.049



be considered. Some clear trends can be seen in the four figures.

#### 9.6.2 THE AVERAGE SCORES OF IDEAL STORES

The Ideal Stores have the lowest, ie. the best scores in all but one case. This case is the Yokohama housewives group (table 9.14). It has already been noted that Yokohama Sogo, one of the two stores to score better than the Ideal Store, also had an average rank very near to that of the Ideal Store (see table 9.10).

It should be noted that the data for the Ideal Store did not have an exceptionally high number of missing cases. More missing values were recorded for all stores than for the Ideal Store, with the exception of Lumine Yokohama.

While, if a second sample of Yokohama housewives were taken, it must be expected that the Ideal Store would have the best average score, it can be accepted that both Yokohama Takashimaya and Yokohama Sogo were perceived as particularly attractive stores by many respondents.

Overall, the average score for the Ideal Store varies between 1.894 (Yokohama college students) and 2.740 (Mito *sararimen*). The housewife and *sarariman* groups tended to have higher scores, illustrating their more conservative attitude to stores. The generally younger office ladies, and the two student groups, produced lower average scores for the Ideal Store and higher average scores for their least favourite stores. This demonstrates the more critical views of the younger consumers, and further supports ideas generated from the interview results (see chapter 8).

#### 9.6.3 AVERAGE SCORE DIFFERENCES BY CONSUMER TYPE AND STORE TYPE

Considering trends across the different consumer types, there does appear to be a predictable preference among the younger consumers for more fashionable, progressive stores such as fashion buildings and less traditional department

stores. Possible causes of these apparent differences are also discussed.

#### A. COMPARISON OF STORE PREFERENCES BY CONSUMER AGE GROUP

Nagoya high school students and college students rate Central Park best, with the two big, prestigious department stores second and third. In Yokohama, Yokohama Sogo and Lumine Yokohama are the first and second favourite stores for the student groups and for office ladies. Mito Seibu and Mito Marui are favoured in the smaller city, and the fashionable Isetan department store and the Tokyu Hands variety store rank best in Tokyo.

Alternatively, housewives in each city tend to favour the traditional department stores first, with the fashionable stores that are preferred by the younger groups being less favoured. The largest, most prestigious stores seem to rise up the ranks of average scores as one looks down the list of consumer types in each of the four tables. These stores are Mitsukoshi and Takashimaya in Tokyo, Isejin and Keisei in Mito, Yokohama Takashimaya and Yokohama Mitsukoshi, and Matsuzakaya and Mitsukoshi in Nagoya. This indicates a clear differentiation between housewife and younger consumer types in store preferences.

#### B. PERCEPTIONS AND PREFERENCES FOR 'FASHIONABLE' STORES

The brighter, more fashionable department stores receive relatively high scores from all consumer types. This is true notably of Yokohama Takashimaya and Isetan (Tokyo). Where a department store is rated poorly by young consumers, but higher by housewives and office ladies (with some confirmation of this latter result arising in the rankings of *sarariman* groups) it may illustrate the social prestige associated with the store. This is something of which the more mature, female respondents are well aware.

Certain stores, especially the Mitsukoshi and Matsuzakaya stores in Nagoya, have such a strong image of 'social quality' that all respondents recognise its importance. These two stores are rated highly even by the Nagoya high school



students. Other stores, such as Mito Keisei, Yokohama Mitsukoshi, and even the famous Mitsukoshi and Takashimaya stores in Tokyo, appear to be recognised for their social importance only by the more mature respondents.

These rankings are only relative, and the above reasoning is merely conjecture. Given a greater variation of stores to assess, Nagoya high school and college students may not have ranked the department stores so highly. The same may have been true for Nagoya housewives.

On the other hand, with the exception of Tokyo, it is true that even these short lists of the six or seven of the most prominent large stores in each city represent fairly definitive samples. The stores omitted from the questionnaire include only a handful of smaller fashion buildings and a number of suburban superstores in each case. For this reason, it is likely that the preference rankings suggested by the average scores represent well the stores for which respondents have the greatest preference.

### C. AGE DIFFERENCES IN FASHION BUILDING PREFERENCE

In some cases, certain stores consistently score badly. Daiei scores notably poorly in Nagoya. The *sarariman* group is the only consumer type not to place Daiei bottom, but as they place Central Park, the favoured store for the two young consumer types, below Daiei, this seems to confirm the fashionability of the latter store. How many children love to shop in the same place as their fathers?

In Yokohama, Okadaya Moars is not a well liked store out of the seven. More striking, however, is the ranking of Vivre 21. This is a very lively, young person's store just on the edge of the city centre. The average score rankings clearly confirm this. Ranked third and fourth by the two young student groups, it is the least favoured store for the other three. Similar cases are presented in Mito, where Marui and Excel, while favoured by the young, are rated poorly by the older respondents.

The Parco store in Tokyo represents a set of three fashion buildings in

Shibuya. These were Japan's first true fashion buildings. They pioneered the concept of collecting fashion boutiques within a single building. Today, Tokyo's consumers have become a little tired of finding the same boutiques in numerous fashion buildings, and a little suspicious of the high prices in Parco. Being the oldest, the Shibuya stores are no longer the most exciting, and are generally considered to be less favourable than smaller scale, faster moving rivals, such as Marui. If you are going to spend a lot of money on clothes, why not go to a really prestigious store like Mitsukoshi or Matsuya?

These sentiments appear to be reflected in the survey. Average scores for Parco are poor for all consumer types. Interestingly, it is rated better by older consumers. While the concept lives on, the popularly accepted 'out of date' image of Parco seems to be confirmed here.

#### D. OFFICE LADIES' PREFERENCE FOR DEPARTMENT STORES

A similar point is the preference of office ladies' for department stores over fashion buildings. These young ladies are the fashion leaders of Japan, but with their high disposable incomes, they are keen to buy at the more expensive and prestigious department stores over the merely apparel packed fashion buildings. In age, the office ladies group were only a little older than college students, but they show some differences in terms of store preference. This is illustrated by their low ranking of Vivre 21 in Yokohama and of Excel in Mito, and their relatively high ranking of the Mitsukoshi stores in Nagoya and Tokyo, and of Yokohama Takashimaya.

#### 9.6.4 GENERAL DIFFERENCES BETWEEN AVERAGE SCORES

Finally, by considering the differences between average scores (the second column in tables 9.13 to 9.16), groups of stores can be distinguished. By noting differences that were greater than 0.1 point, the range of differentiation in preference can be seen. These results generally confirm the



MDS analysis presented in the previous section. Stores which show only minor differences in average scores are found to be spatially close to one another in figures 9.1 to 9.4. The MDS analysis was aggregated over all consumer types. Considering differences in average scores allows a similar analysis to be carried out without a series of twenty separate scatterplots having to be generated.

For example, the results for the Nagoya high school students (table 9.13) show that the seven subject stores are well differentiated from the Ideal Store. This could be due to several factors. It may indicate that there are ways in which existing stores could improve their customer offering. In addition, the large difference may represent critical or discerning perceptions of stores by this group.

Central Park, the first ranked store, is well differentiated from Matsuzakaya. Matsuzakaya and Mitsukoshi, ranked second and third form a single grouping, with Maruei, Meitetsu Melsa and Local Supermarkets forming a third group. The bottom store, Daiei, is separated from Local Supermarkets by 0.255 points.

The difference in average scores between the top store and the Ideal Store varied considerably. Some groups, such as the Tokyo high school students' assessment of Isetan and the Nagoya *sarariman* group's assessment of Mitsukoshi were very close to the score for the Ideal Store. On the whole, however, the absolute difference between the top ranked store and the Ideal Store is greater than 0.1 point. This result is to be expected as very few consumers will consider an existing store to be near to their ideal.

With the Mito office ladies and *sarariman* groups forming the only exceptions, a grouping of one to three stores can be identified at the top of each listing. These demonstrate the preference characteristics of each of the consumer types as discussed above, with groups of fashionable stores being presented as the most favoured stores of younger consumer types, and groups of traditional department stores being most highly ranked by housewives.

#### 9.6.5 CONSIDERATION OF SCORES FOR INDIVIDUAL STORES

Few general trends across the different consumer types can be added to those outlined above, but individual cases can be considered.

##### A. NAGOYA DAIEI

The average score for Daiei in Nagoya (table 9.13) is well below the second worst ranked store for four out of five consumer types. This store is clearly not suitable for comparison with the other six stores in the survey. No single store receives such poor scores in the other three cities. The Daiei store in Nagoya city centre clearly is not well liked.

##### B. NAGOYA MARUEI

Nagoya Maruei was ranked just below, but well differentiated from the other two major department stores by three out of the five consumer types - high school students, *sarariman*, and housewives. In all cases, Maruei is ranked below the other two stores. This is consistent with expectations. Although it is a large, imaginative department store, the general opinion in Nagoya is that it is not as prestigious as its two rivals.

##### C. NAGOYA MATSUZAKAYA AND MITSUKOSHI

From casual observation, it would have been expected that Matsuzakaya would be ranked above Mitsukoshi. Only the housewife group actually did so. Both the college students and office lady groups ranked Mitsukoshi above Matsuzakaya by more than 0.1 points. Frequently heard praise of Matsuzakaya over its rival Mitsukoshi is not born out by the average score rankings.

##### D. YOKOHAMA SOGO AND TAKASHIMAYA

Similarly, Yokohama Sogo is ranked notably above the older, reputedly



prestigious Takashimaya store by the three younger consumer types (table 9.14). This result again illustrates the success of the Sogo store in Yokohama, a result that also appeared in the interviews. In Japan, it often seems that the newer department stores take very different markets from their more traditional stores. The Yokohama Sogo store suggests that well designed, new branches can be successful even for older department store companies.

#### E. LACK OF DIFFERENTIATION BETWEEN MITO STORES

The Mito results (table 9.15) show a smaller overall degree of differentiation between the average scores than in the other cities. The *sarariman* group appear to cluster all seven subject stores together in a single set. The first rank store, Isejin is separated from the worst scored store, Mito Seibu, by only 0.38 points. The reason for this could be the group's indifferent attitude to large stores in Mito. This also may be a characteristic of mature male employees in smaller cities with less retail diversity.

Mito office ladies, while showing a greater sensitivity in their score for the Ideal Store relative to the subject stores, produce a very similar result to the *sarariman* group. This is consistent with the idea presented above. Young women are more aware of their likes and dislikes, as shown by their assessment of their ideal, but they find little to differentiate between their most favoured stores. Even the college and high school students produced two similar groups of three stores each.

These results suggest an overall lack of excitement with the stores in Mito. With the fewer large stores to include in the survey, the seven used represent very nearly an exhaustive sample. The different groups do differentiate between these in an expected way, but the degree of differentiation is notably small. It would be interesting to compare this result with a similar small, provincial city. It may be that the relative lack of large retail facilities in small cities leads to a lack of interest among consumers. Alternatively, the result may be a characteristic of Mito in particular. Results from the interview

survey in Nagano suggest that it is the former of these two possibilities.

#### F. DIFFERENTIATION OF STORE PREFERENCES IN TOKYO

Tokyo respondents (table 9.16) also showed less differentiation between stores than was the case in Yokohama and Nagoya, although the difference in the average scores of their most favoured stores was noticeably greater than in Mito. The stores with the better average scores were more clearly defined, with Isetan and Tokyu Hands ranking first and second in three of the four cases.

As discussed in chapter 7, the great number of large stores available to Tokyo shoppers creates problems for this kind of research. While an attempt was made to choose the most prominent stores, a representative list would have run to twenty or more stores from central Tokyo alone. This was the probable reason for the relative lack of differentiation compared with the two other large cities employed in the study.

On the other hand, the magnitude of the differences in average scores is similar in Tokyo to that in Yokohama and Nagoya. In addition, the consistently high ranking of some stores, and the different ranking of fashion buildings and department stores between younger and older consumer groups suggests that the Tokyo respondents are well aware of their retail preferences. Tokyo respondents are probably well able to distinguish their preferred stores from among the large number of options open to them.

#### 9.6.6 CONCLUSIONS TO SECTION 9.6

It is not possible to establish properly the accuracy or otherwise of the originally stated hypothesis H9. Patterns are clearly discernable between the different average scores for the subject stores resulting from the five consumer types. From this subjective evidence, it can be suggested that the hypothesis is false. Different consumer types do not have the same perceptions of the subject stores, or their general retail types. In particular, differences in



preference for different store types are apparent between the younger consumer types (high school and college students, and office ladies) and the older consumer types (*sarariman* groups and housewives).

This result, while tentative, appears to hold over all four subject cities. There does appear, however, to be a difference in the level of interest taken in large stores between respondents from the three large cities and those from Mito. It is not possible to decide if this result has any significance or is simply a quirk of the data collected. The generally poorer quality of the Mito data (see the beginning of this chapter) would suggest the latter. On the other hand, evidence from the interviews carried out in Nagano suggests that there is relatively less interest in shopping facilities in the more limited environments of smaller cities.

## 9.7 HOW DO JAPANESE CONSUMERS PERCEIVE LARGE STORES?

### 9.7.1 ANALYSIS OF THE 20 QUESTIONNAIRE PERCEPTION CONSTRUCTS

Within the considerable financial and chronological constraints of the research, a fairly wide survey was undertaken. While many of the results can be considered no more than tentative, both quantitative and qualitative techniques have been applied to two data sets.

In the analysis of the interview data it was shown that Japanese consumers' perceptions of large stores may be represented by a number of construct categories, and, subsequently, a questionnaire was designed on the basis of this categorisation. Analysis of the questionnaire has shown that respondents were able to significantly differentiate between the subject stores chosen, and that different consumer groups hold generally different perceptions when measured on the same perception constructs.

As the survey is intrinsically exploratory, beginning with the generation of the perception constructs, no prior hypotheses were proposed as to the precise

nature of Japanese consumers' perceptions of large stores. A desirable focus for any immediate future research emanating from this study would be to focus on the interview generated constructs. There is certainly a need for these constructs to be confirmed and refined before they are properly accepted.

For the time being, however, it is possible to speculate on the nature of store perceptions on the basis of the twenty constructs employed in the questionnaire survey. Again, this is done on a largely subjective basis, using a simple, but powerfully illustrative statistical technique for support.

Rather than smother the reader with a mass of calculations for all 32 primary subject stores, the analysis focused on a sample of expected and unexpected groupings of stores similar to those produced by the nonparametric analysis of pairs of average ranks used in section 9.4. In this analysis, it was shown that similar types of stores generally clustered together, but that there was occasionally some overlap between the clusters of department stores and fashion buildings. It is also interesting to look at the outlying cases, particularly the results for Ideal Stores (see figures 9.5 to 9.8). Examples of these clusters will be taken for the following analysis.

Hierarchical cluster analysis was used to investigate the way in which particular constructs were used by respondents to assess the stores. It was originally hoped to apply cluster analysis to a plot of the twenty constructs produced by MDS, similar to those presented in section 9.5. It was found, however, that the large number of variables, ie. the twenty constructs, were difficult to display effectively when the cluster analysis solution was overlaid. As the clustering of the twenty constructs was the crux of the problem, MDS was omitted, and the cluster analysis was taken alone.

Several stores were chosen from the Nagoya, Yokohama and Tokyo data sets. (7)

For each store, a cluster analysis was run for proximity data transposed so that the twenty constructs, rather than the subject stores, became the data variables. The aim was to search for identifiable clusters of constructs that were consistent over the data as a whole, or for particular store types.



The analysis was carried out for the following store comparisons: ^

Traditional Department Stores:

- Matsuzakaya (Nagoya)
- Mitsukoshi (Nagoya)
- Takashimaya (Tokyo)
- Mitsukoshi (Tokyo)

Fashionable Department Store:

- Isetan (Tokyo)

Local Supermarkets:

- Local Supermarkets (Yokohama)
- Local Supermarkets (Nagoya)

High Ranked Fashion Buildings:

- Central Park (Nagoya)
- Lumine Yokohama.

Ideal Stores:

- Ideal Store (Nagoya)
- Ideal Store (Yokohama)
- Ideal Store (Tokyo)

These twelve cluster analyses are displayed in individual figures and will be discussed in turn. The hierarchical cluster procedure used to generate these results produces clusters on the basis of Euclidian distance between the assessment scores for each construct. The clusters are formed in the order of difference between the constructs. This cluster order is represented in the figures. The order in which the formation of clusters occurred, however, was superfluous to the discussion, and was not included in the figures. In the discussion below, reference to the twenty constructs is made by circled numbers, eg. ①, for Construct 1.

#### 9.7.2 COMPARISON 1: MATSUZAKAYA (NAGOYA) AND MITSUKOSHI (NAGOYA)

The first stores compared were the two big, traditional Nagoya department stores, Matsuzakaya and Mitsukoshi (figures 9.9 and 9.10). It can be seen from the figures that assessment of both stores produced three main clusters of

FIGURE 9.9

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: MATSUZAKAYA, NAGOYA

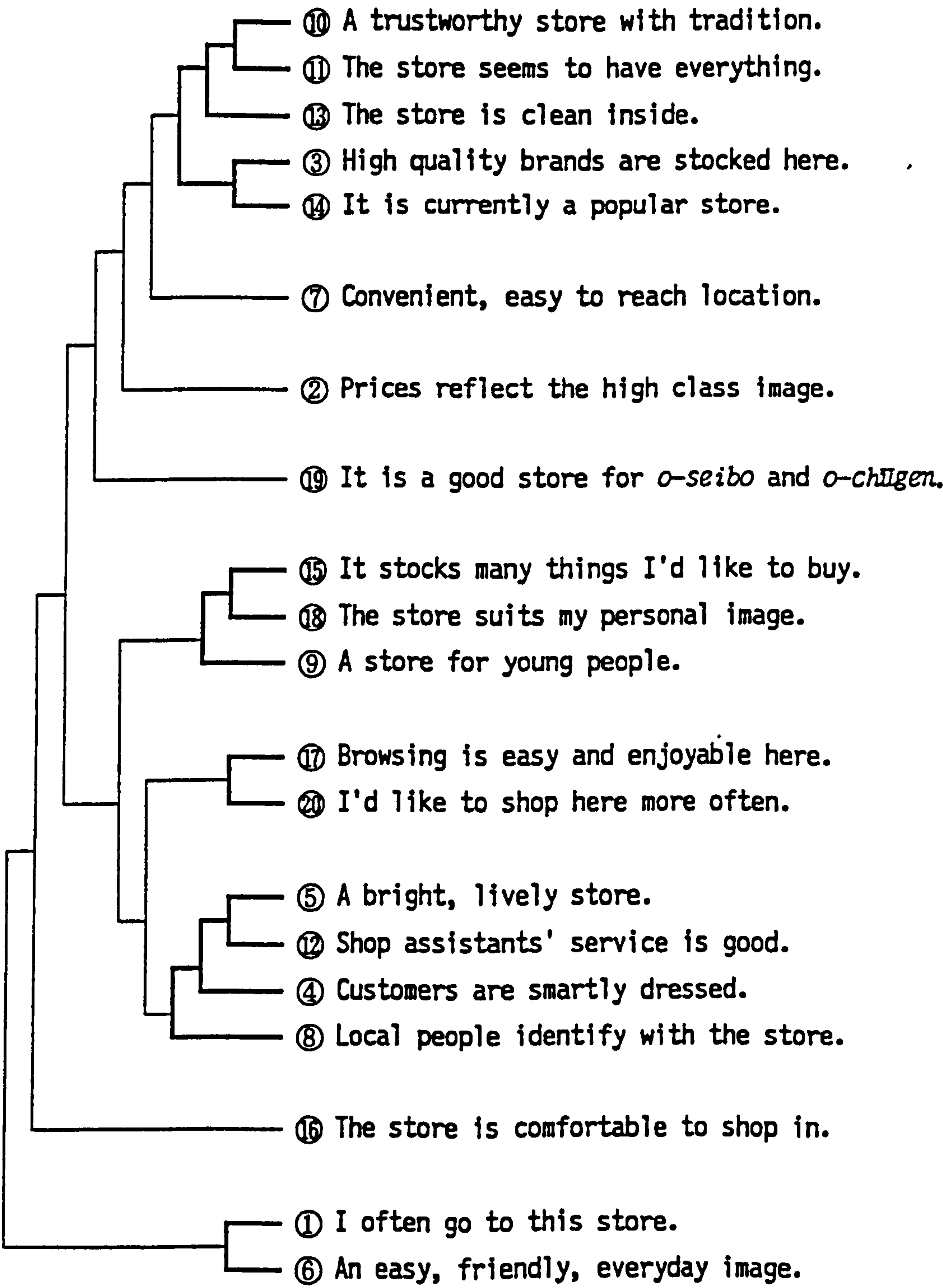
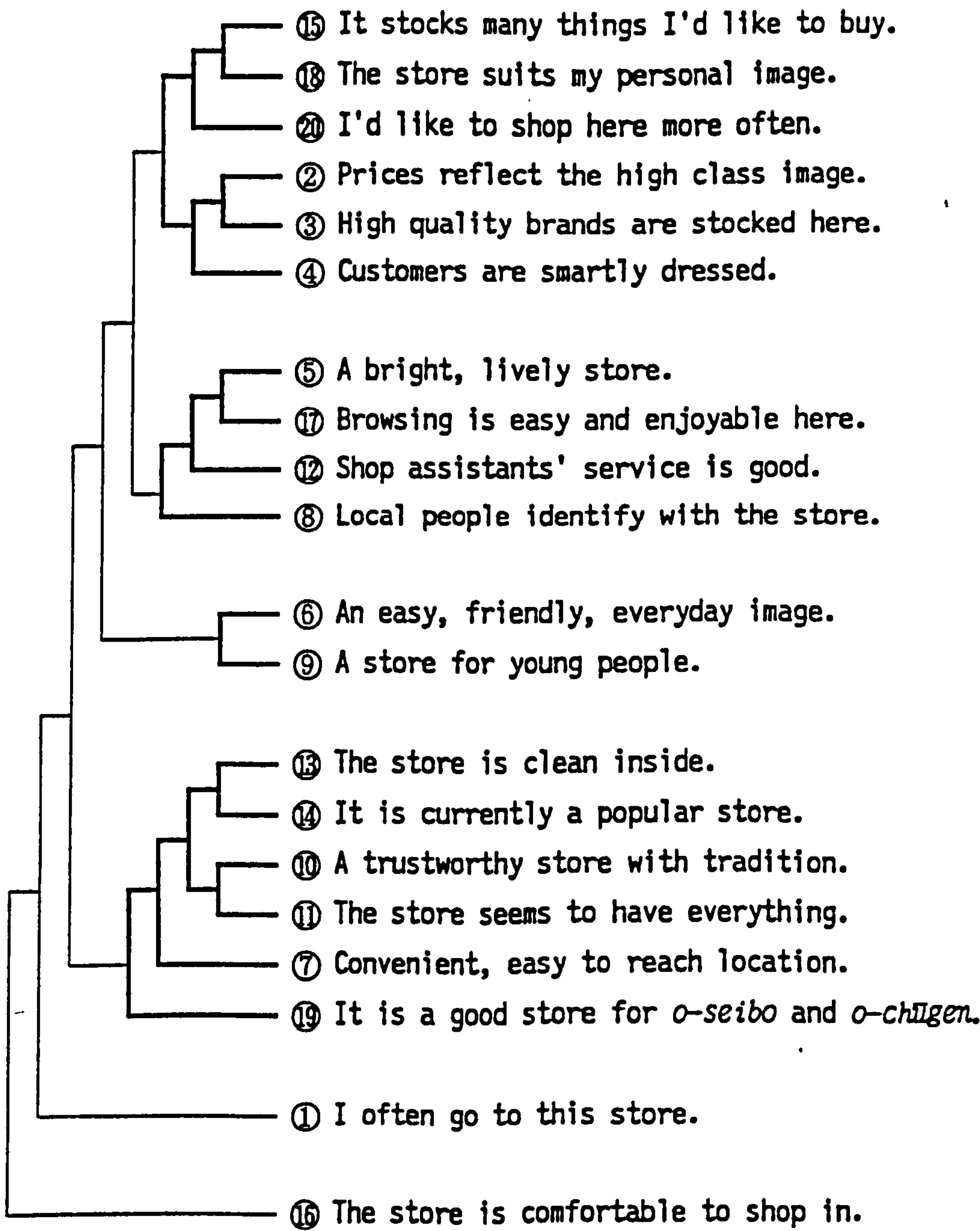




FIGURE 9.10

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: NAGOYA MITSUKOSHI



constructs, with a number of outliers. The outliers were similar for both stores. Neither store was considered particularly comfortable to shop in (16), and neither was one that consumers visited often (1).

Within the clusters of constructs other similarities can be seen. The Matsuzakaya store produced a strong quality and prestige cluster first and foremost, with the attributes of trustworthiness (10), range of merchandise (11), the store's cleanliness (13), quality of brands (3), and reputation (14, 19) clustering at the earliest point. The second main cluster indicated the store's overall smart appearance (5, 12, 4, 8).

As may be expected from this type of department store, Nagoya Mitsukoshi also produced a quality orientated cluster, but this was not the first cluster. Nagoya Mitsukoshi appears to be considered a little less formidable than Matsuzakaya. Prices are high (2), and high quality brands are expected (3), but the close clustering of constructs relating to the shopper's personal image (18, 20), the other clientele (4) and the types of goods sold (15), suggest that the Nagoya Mitsukoshi store attracts customers on the basis of more tangible factors than is the case of Matsuzakaya. The congeniality of the store is reflected in the second cluster. Most of these constructs, including the bright image of the store (5), the fun of browsing (17) and, surprisingly, the affinity of the store to the expectations of local people (8), cluster earlier than is the case for Matsuzakaya.

These results certainly appear to suggest reasons for Nagoya Mitsukoshi being given a better assessment by all but one consumer type (see section 9.6). While both stores generate perceptions of prestige and high quality, Nagoya Mitsukoshi is perceived as the friendlier, more accessible store.

### 9.7.3 COMPARISON 2: MITSUKOSHI, TAKASHIMAYA AND ISETAN (TOKYO)

The pattern of clustering for the two Tokyo department stores, Mitsukoshi (figure 9.11) and Takashimaya (9.12) is very similar to that for the Nagoya



FIGURE 9.11

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: MITSUKOSHI, TOKYO

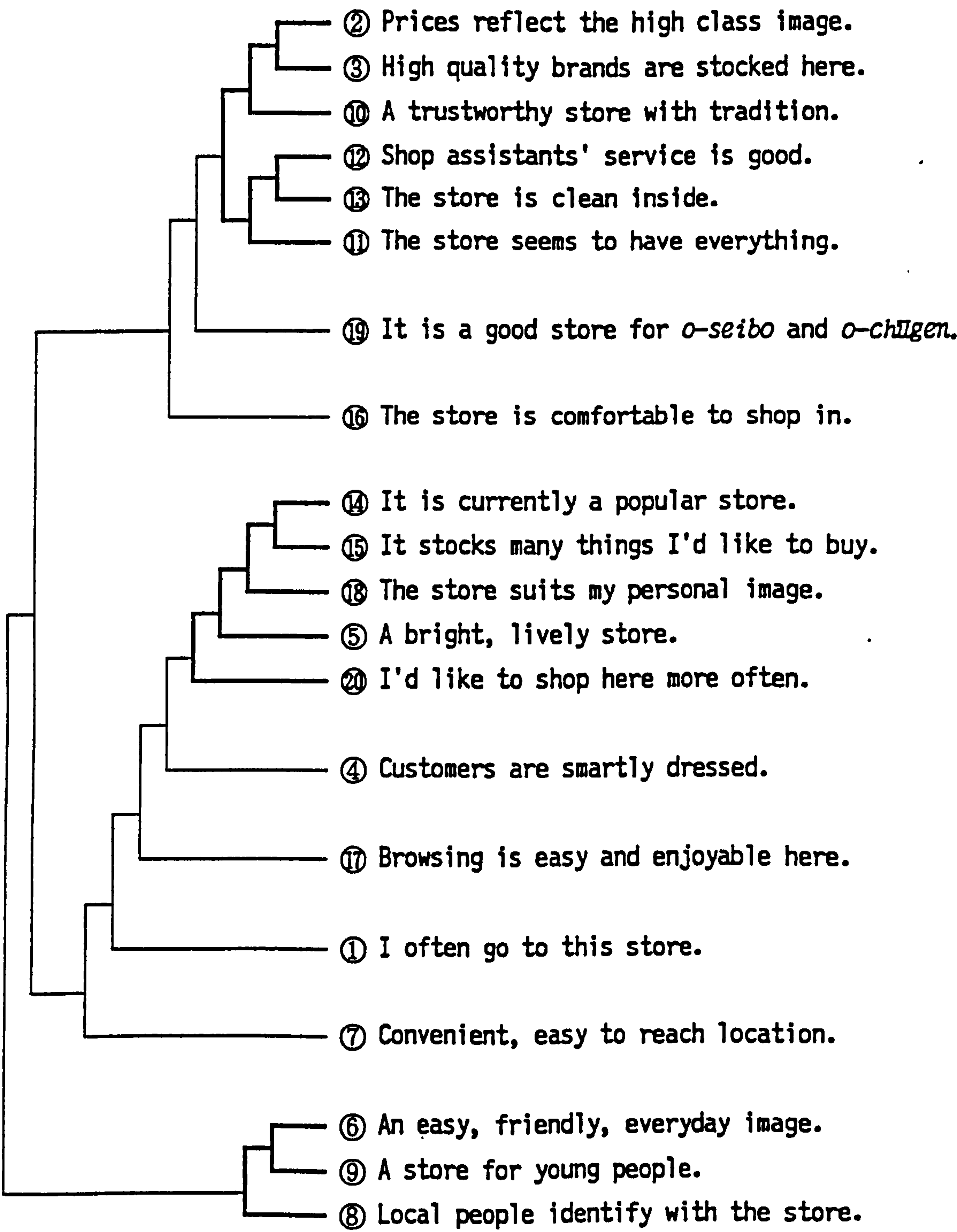
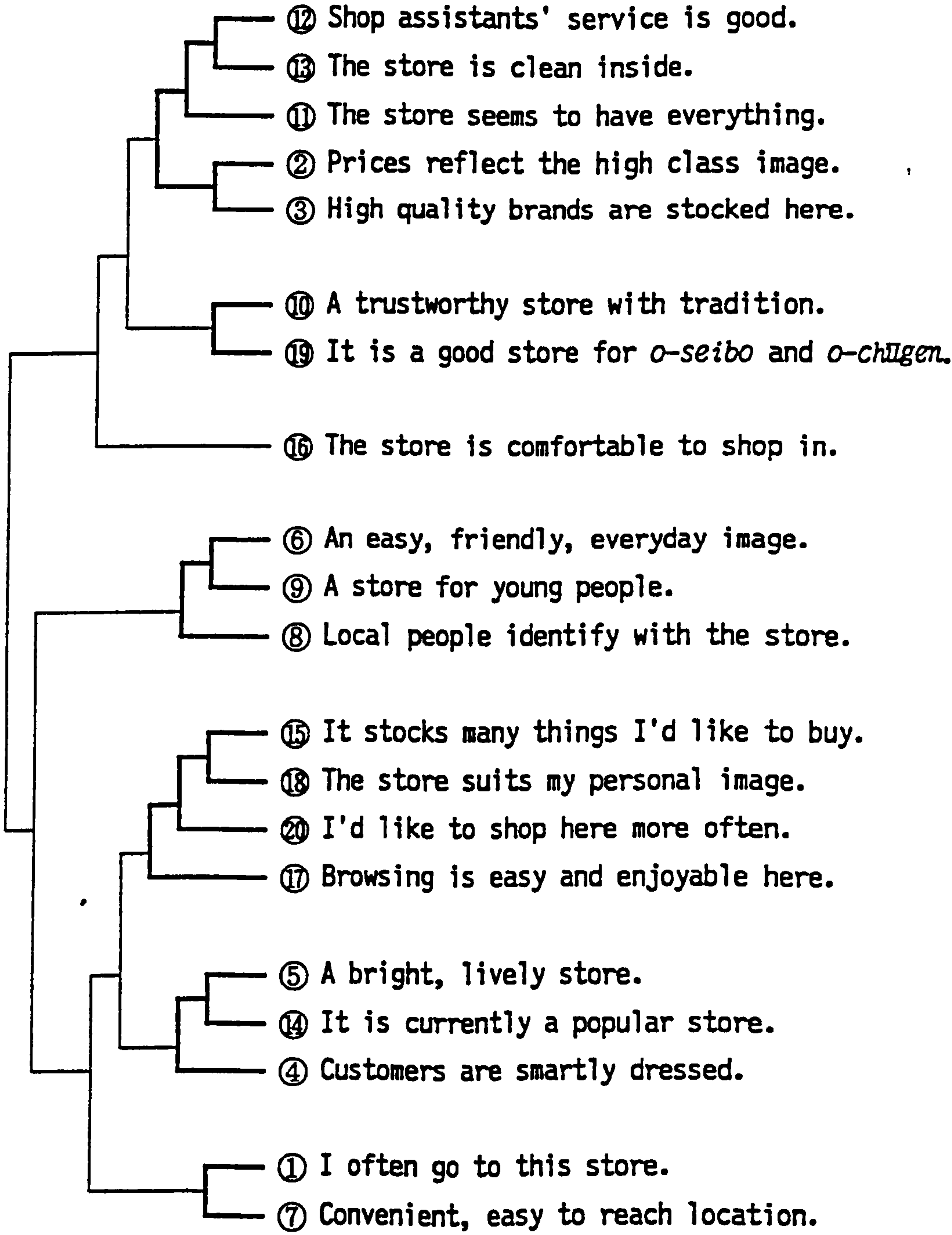


FIGURE 9.12

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: TAKASHIMAYA, TOKYO.





stores. Again, two or three major clusters are distinguished for each store. As may be expected, consumers appear to develop relatively simple perceptions of department stores, presenting equal scores over a number of constructs, and producing fewer identifiable clusters.

As for the Nagoya stores, the 'quality' factor is discernable for both Mitsukoshi and Takashimaya. In both figures, high prices (②), high quality brands (③), shop assistant's service (⑫), cleanliness (⑬), and merchandise range (⑪) cluster at the earliest point. This illustrates the quality, prestige and size of both stores as being high in consumer perceptions. Tradition and trustworthiness (⑩) clusters a little earlier for Mitsukoshi than for Takashimaya.

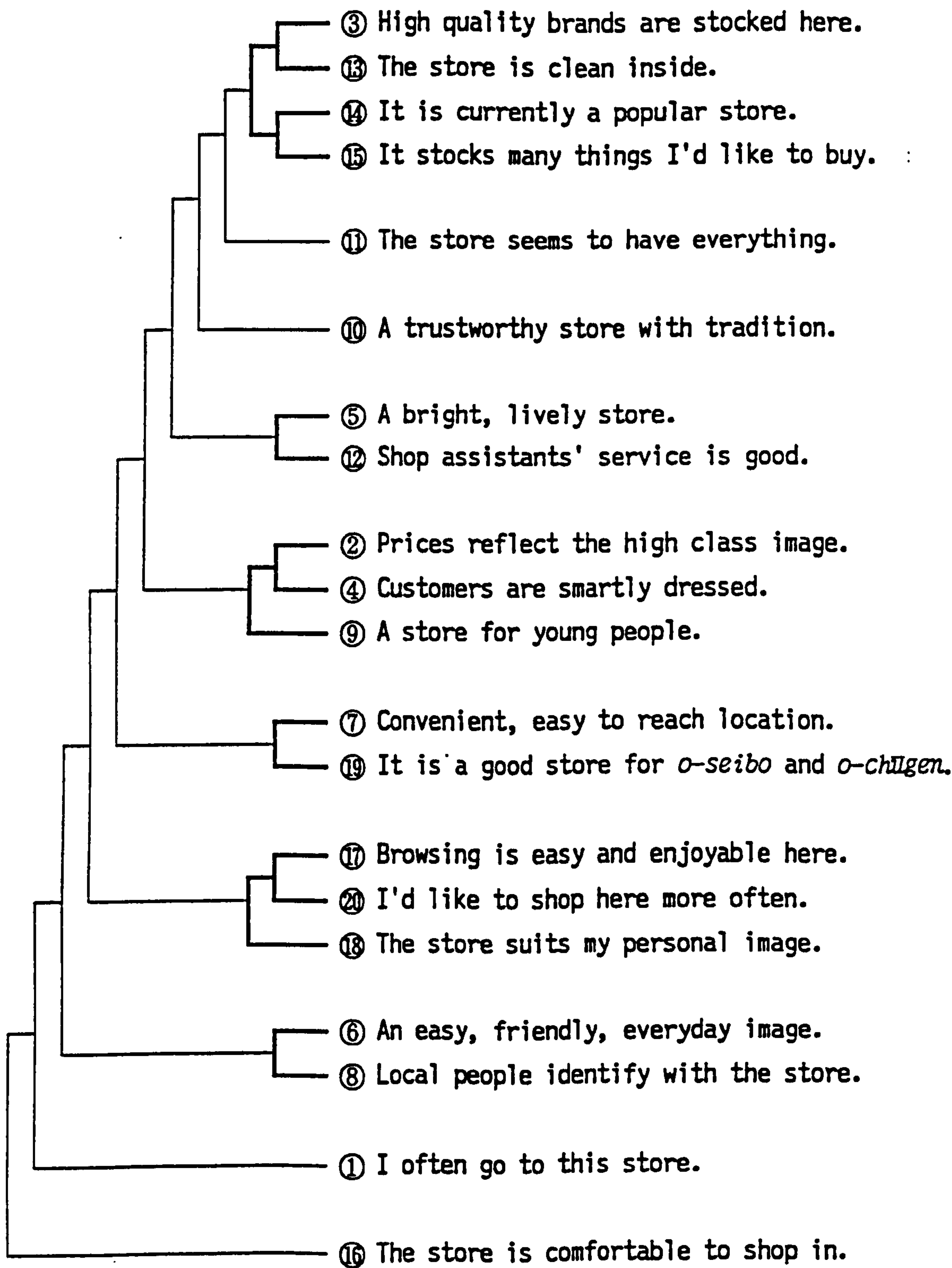
Both stores produce a personal preference factor, clustering constructs ⑮, ⑱ and ⑳ together. In addition, there is an identical 'congeniality' factor for both stores (⑥, ⑨, ⑧). As in Nagoya, the cluster order for this factor differs between the two stores. In Tokyo, more stress is placed on Takashimaya's congeniality than that for Mitsukoshi, although the friendliness of the Mitsukoshi store is clearly identified.

A further point raised by the analysis of all four traditional department stores is the early clustering of Construct 20, relating to their suitability for obligatory gift shopping (the *o-seibo* and *o-chugen* gifts). This construct clusters much earlier for these traditional, prestigious department stores than for any of the other stores. It does not rate highly even for relatively older, but more fashionable department stores such as Isetan (figure 9.13).

The resulting clusters for Isetan suggest a large, high quality store which is currently very popular. The range of merchandise (⑪) and factors relating to the store's tradition, cluster late into the first group. It is noticeable that consumers' perceptions of Isetan are spread over a larger number of narrower factors. For Isetan, the highest factors appear to be a mixture of constructs related to the store's quality and its current fashionability. The size of the store and the store's tradition appear as related by separated

FIGURE 9.13

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: ISETAN, TOKYO





constructs, clustering late with the first factor.

The fragmentation of constructs into a number of narrow factors may be due to an imprecise or a varied store image. The two other main factors suggest that it is a high class store with high prices (②), fashionable (④) and suitable for young people. Further investigation would be needed to identify the true consumer perceptions of Isetan.

#### 9.7.4 COMPARISON 3: CENTRAL PARK (NAGOYA) AND LUMINE YOKOHAMA

The well rated fashion buildings chosen from Nagoya and Yokohama (figures 9.14 and 9.15) present differing results. Central Park in Nagoya is similar to the Isetan department stores in Tokyo in that consumer perceptions are made up of a number of narrow factors. These may be identified as high quality, high price (②, ③, ④); good all round service (⑫, ⑬, ⑩, ⑪); congenial shopping atmosphere (⑤, ⑭, ⑨); attractive to individual shoppers (⑮, ⑰, ⑳, ⑱); and amenable to different consumers (⑥, ⑧).

The overall impression is of a 'nice' store, amiable to all kinds of shoppers.

Lumine Yokohama (figure 9.15), on the other hand, bears more resemblance to a traditional department store in that consumers' perceptions appear to concentrate on three main factors. Unlike the department store results discussed above, the first factor emphasises the friendliness and congeniality of the store (⑮ ⑰ ⑱ ⑳ ①). These constructs also demonstrate the fashionability of the store. The second factor suggests that Lumine Yokohama is perceived like a department store in some of its aspects. This factor notes the quality of the store and the merchandise (③ ⑩ ② ⑫), and the large size of the store (⑪). The final factor relates to the simple ease of using the store, it's convenience (⑦) and its amiable atmosphere. The cleanliness of the store (⑬) clusters in a factor concerned with the pleasant atmosphere of the fashion building. In the case of department stores, this construct was

FIGURE 9.14

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: CENTRAL PARK (NAGOYA)

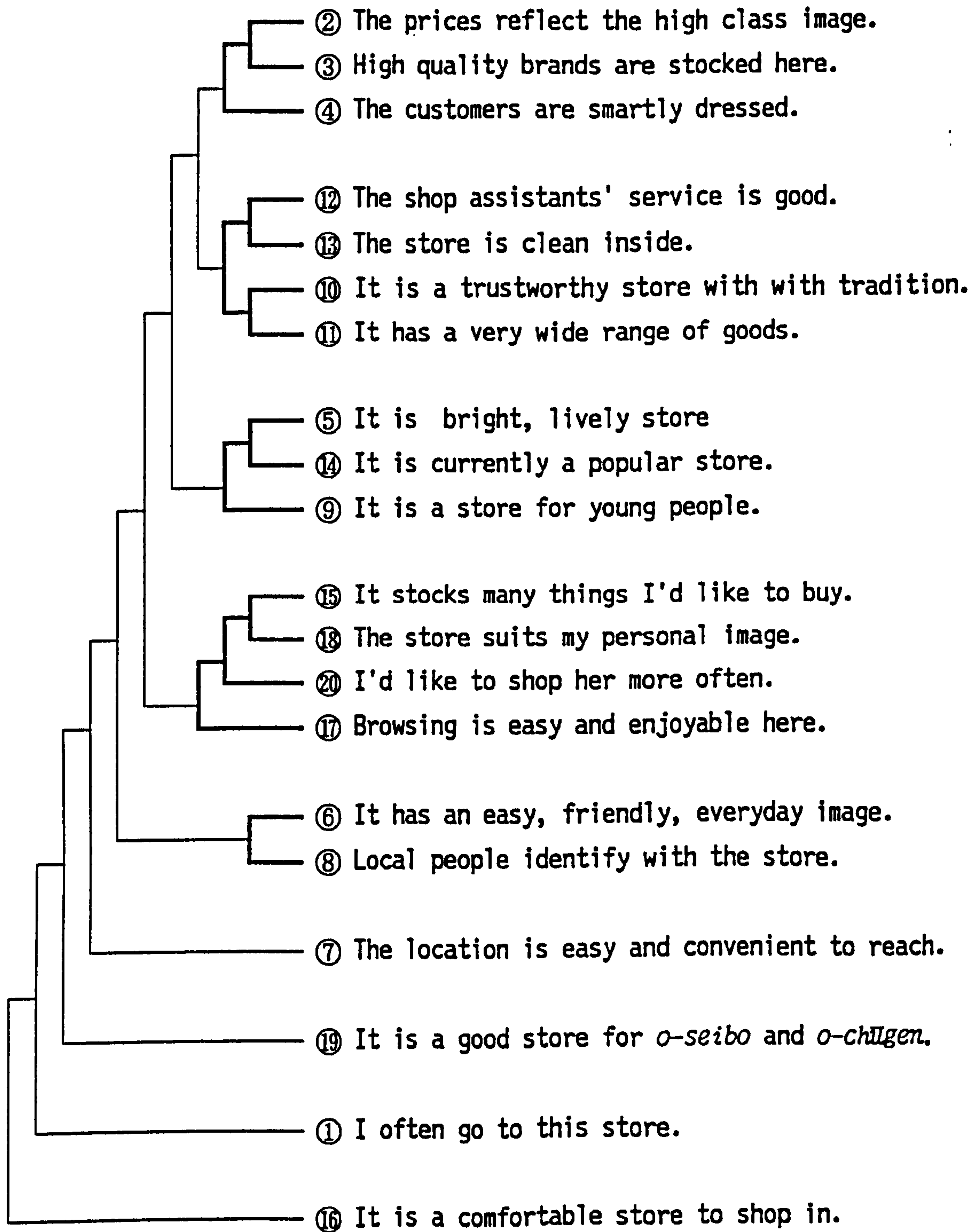
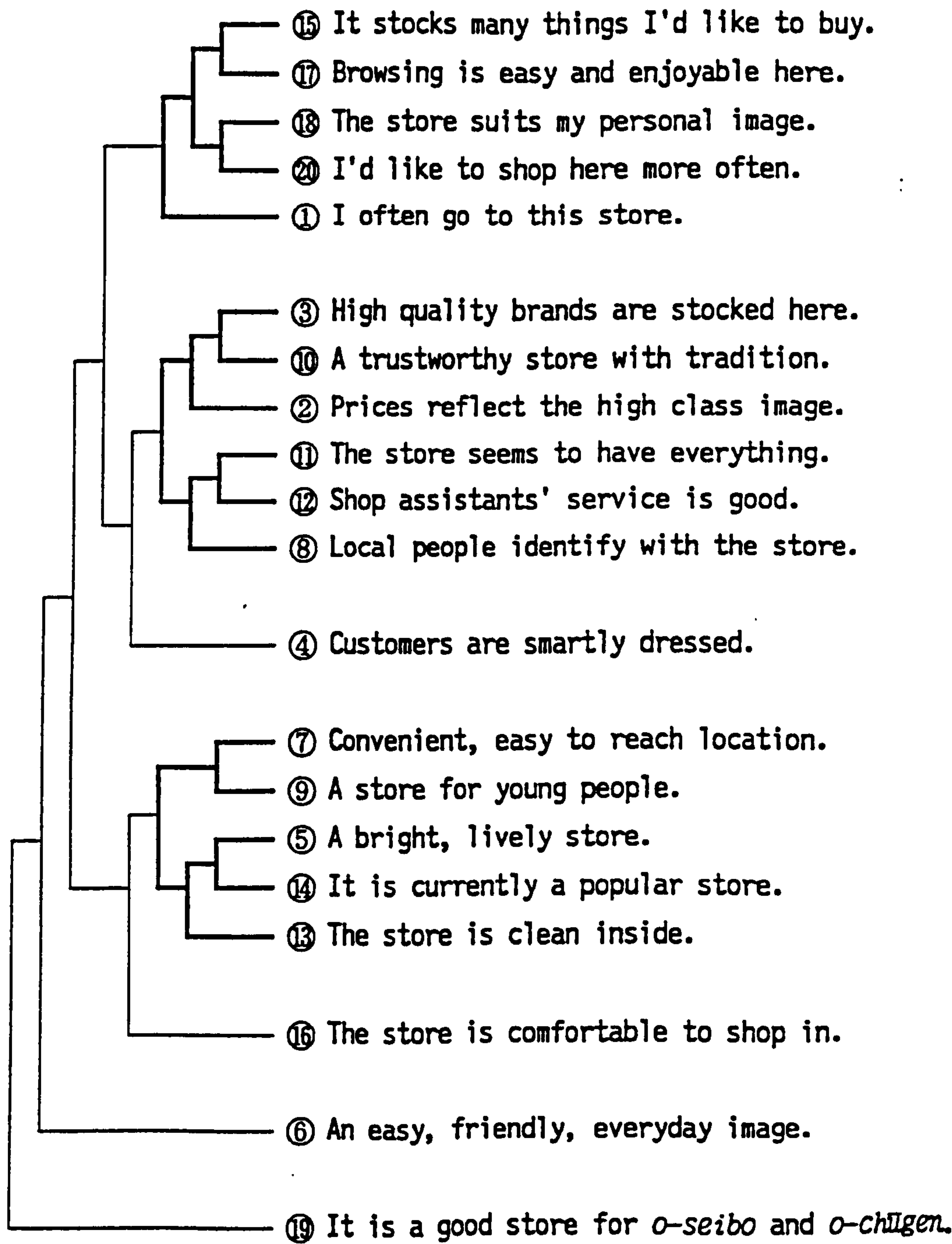




FIGURE 9.15

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: LUMINE YOKOHAMA



perceived as part of the store's quality.

The cluster results for both Central Park and Lumine end with several single outlying constructs. Consumers do not perceive these fashion buildings as comfortable to shop in (16) or as places to buy *o-seibo* and *o-chūgen*. The latter of these is predictable, and demonstrates, again, that it is the department stores' prestige value that makes them most suitable for the obligatory gift market.

The concentration of tenant stores within fashion buildings produces two problems for customers with any degree of timidity.

First, the close concentration of large numbers of small speciality tenants can be claustrophobic for some customers. The more popular Japanese fashion buildings can easily become congested, making it difficult to circulate about the store. Secondly, once inside a tenant store, the close attention of three or four assistants within a 10 square metre store is uncomfortable for some. The other constructs may seem to contradict these suggestions, but they do represent feasible reasons why Construct 16 should be an outlying case for both stores.

The remaining outlying constructs are individual to each store. Few respondents claimed to visit Central Park often (1), and, it seems, a major reason for this is that it is not, apparently, easy to reach (7). This last result is difficult to justify. As Central Park is actually an underground shopping mall, a great deal of walking is involved when shopping there. Alternatively, as many people frequently pass through the store without visiting any of the tenants, it may be that the late clustering of this construct indicates the inconvenience of using the tenants rather than the store as a whole. (8)

#### 9.7.5 COMPARISON 4: LOCAL SUPERMARKETS IN NAGOYA AND YOKOHAMA

The two sets of Local Supermarkets were compared in Nagoya and Yokohama



FIGURE 9.16

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: LOCAL SUPERMARKETS (NAGOYA)

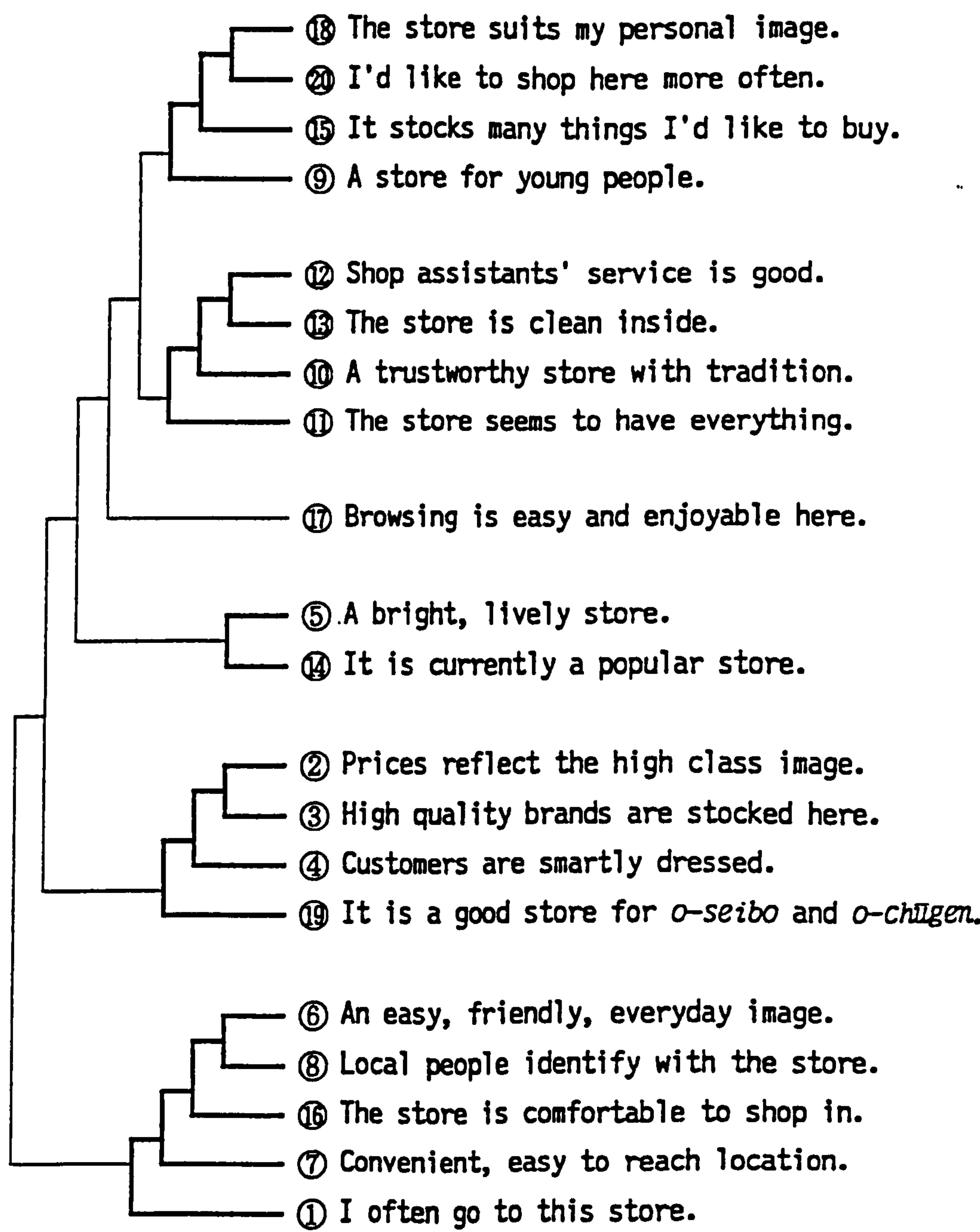
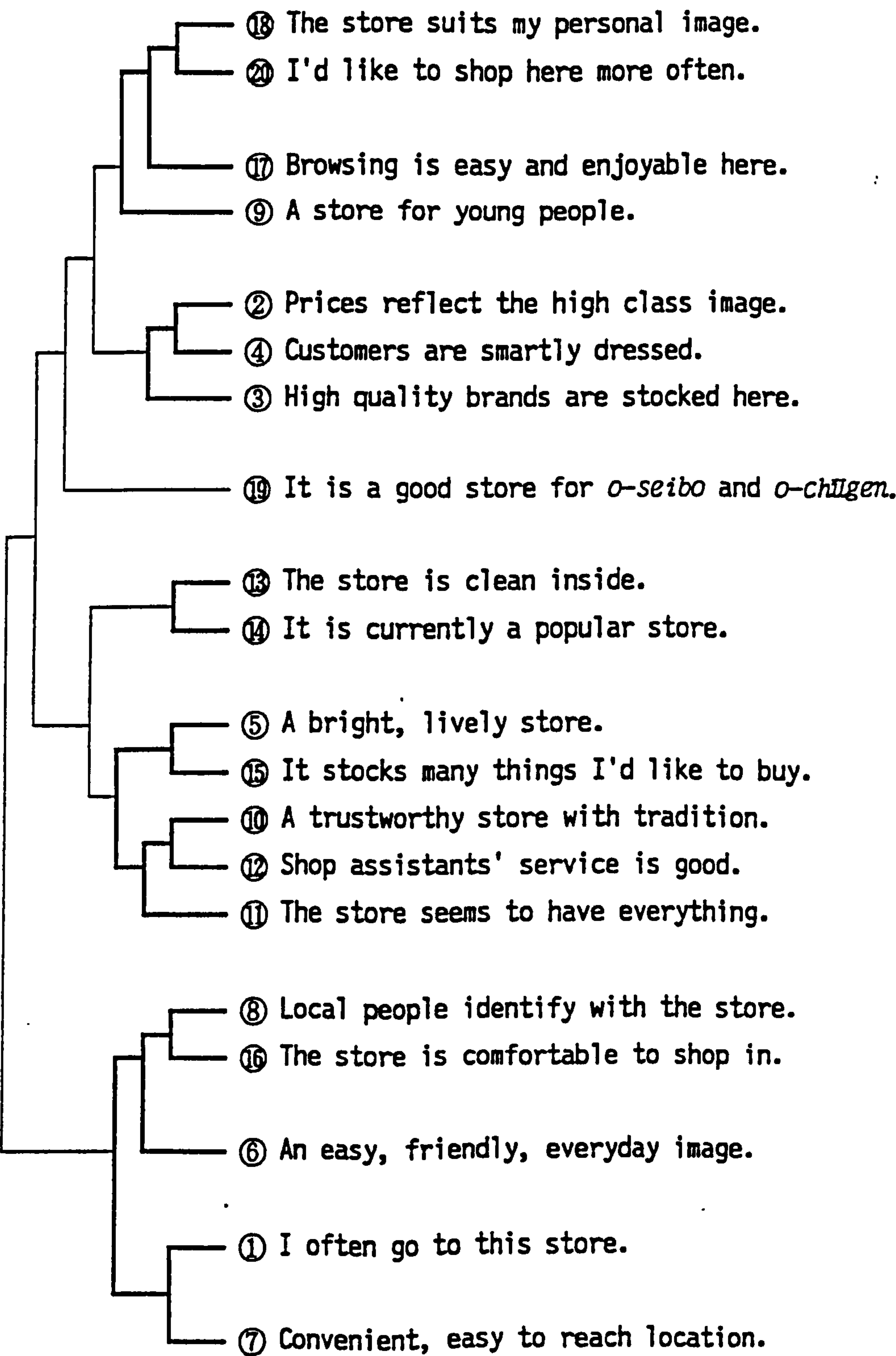


FIGURE 9.17

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: YOKOHAMA LOCAL SUPERMARKETS





(figures 9.16 and 9.17). These do not represent individual stores. They are amalgamations of respondents' perceptions of the local supermarkets at which they shop for their daily necessities.

Immediately apparent is the lack of outlying constructs for both cluster results. With the exception of the suitability for browsing in Nagoya (17) and for buying *o-seibo* and *o-chugen* in Yokohama, the other nineteen constructs all cluster.

Three constructs appear in the first factor generated in each city - the amenability of the store to the individual (18), the desire to shop there more often (20), and the suitability of the store for young people (9). These are difficult to explain, but presumably, as they are generally referring to large chain stores, in-store amenities are very good. Special promotions and events will often be provided at weekends, and special facilities and merchandise available for children, hence the suitability for 'young people'.

There are few other similarities between the two stores until the final factors in each case are considered. Both factors refer to the convenience and comfort of using the store. Again, the constructs appearing in each city are identical: 8 16 6 1 and 7. They generally show a predictable picture of frequent use by local people.

The Nagoya supermarkets are rated highly for their quality of both goods and service in the second perception cluster. This cluster is very similar to the first clusters produced for department stores (see figures 9.9 to 9.12). A possible reason for this may relate to the Nagoya person's strong awareness of social position and prestige, even when shopping at superstores and supermarkets. This would be an interesting point of further investigation.

Yokohama respondents' perceptions of supermarkets placed more emphasis on the predictable factors of product quality and price. Being so close to the capital, Kanagawa is a popular residential prefecture, and rents are very high. Prices are likely to be of great importance to the young housewife, and more so than in the relatively cheaper, and housing sufficient Nagoya.

#### 9.7.6 COMPARISON 5: IDEAL STORES IN NAGOYA, YOKOHAMA AND TOKYO

Finally, respondents' perceptions of the Ideal Stores are considered for Nagoya, Yokohama and Tokyo (figures 9.18 and 9.20).

While Yokohama and Tokyo Ideal Store results show some clear similarities, Nagoya is very different, both in the number of constructs produced and in their content.

The average Nagoya respondent's Ideal Store is perceived on four main clusters of constructs, with four notable outliers. The first factor (③, ④, ②, ⑩) seems clearly to indicate the Nagoyan's obsession with quality and prestige. High quality brands, 'good' prices, smart clientele and strong, trusty tradition are what makes a really good store in Nagoya.

The stores tangible offering in terms of service, location and merchandise is illustrated in the second cluster. Again, these two clusters bare notable resemblance to the clusters produced by department stores.

Two narrower factors are suggested. The suitability of the store to the individual is the next in importance. Finally, respondents considered the friendliness of the store and it's suitability for *o-seibo* and *o-chūgen*. This final factor (⑥, ⑧, ⑨) was identical to the last factor suggested by the analysis of the Tokyo data, and were also the last three constructs considered in Yokohama. Clearly, the common, local store where *o-seibo* and *o-chūgen* can be bought easily is not the Japanese shopper's perception of Ideal. Similarly, the construct which related stores to the young market (⑨) was perhaps too precise, and did not cluster in any of the three cities.

In both Yokohama and Tokyo the shop assistants' service (⑫) was the first construct to cluster. Also important in both cities was the store's cleanliness and the stimulation available from shopping there (⑬, ⑤). The range of the store's merchandise was also considered relatively important (⑪).

Respondents from both cities also suggested that it was important to relate



FIGURE 9.18

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: NAGOYA IDEAL STORE

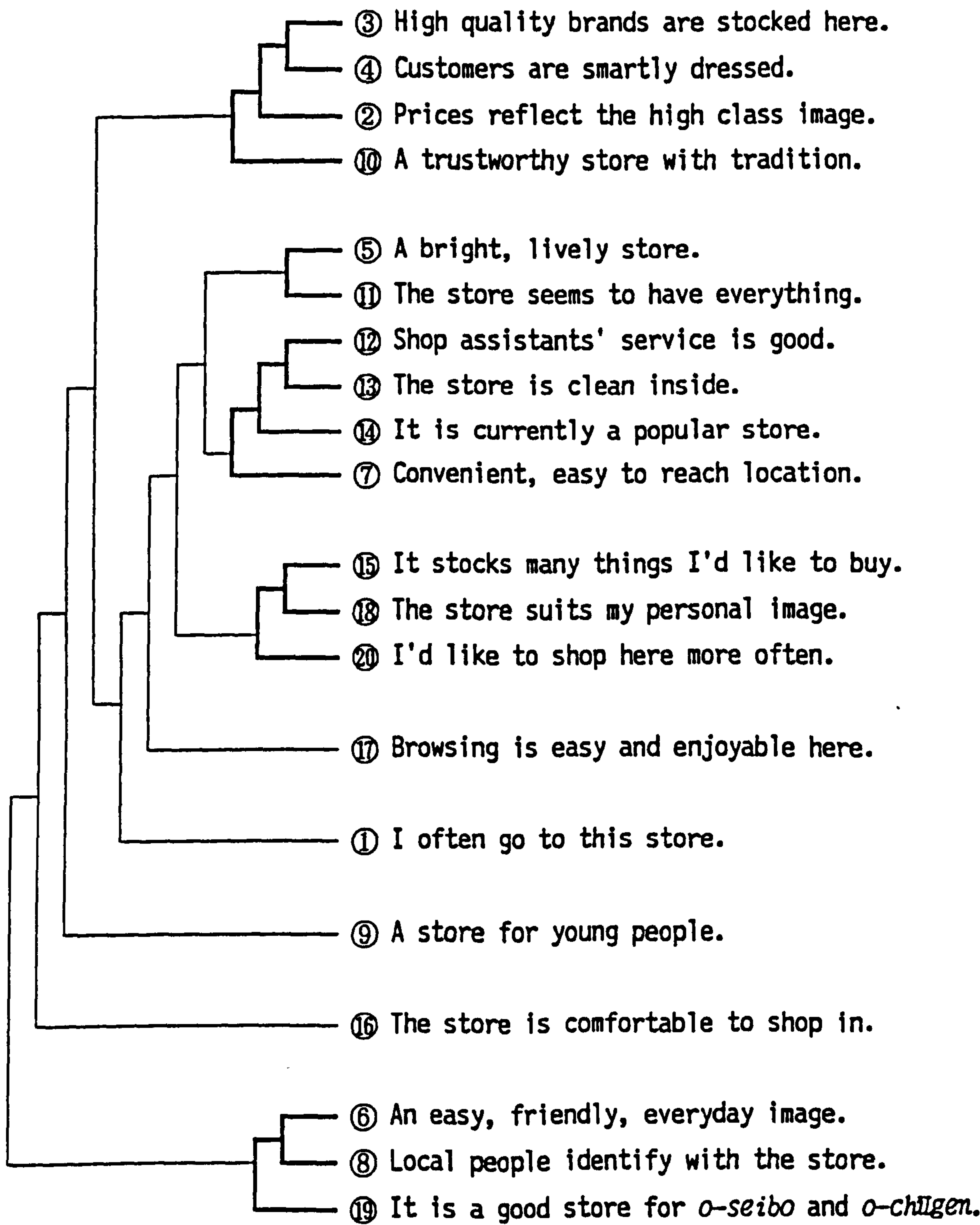


FIGURE 9.19

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: YOKOHAMA IDEAL STORE

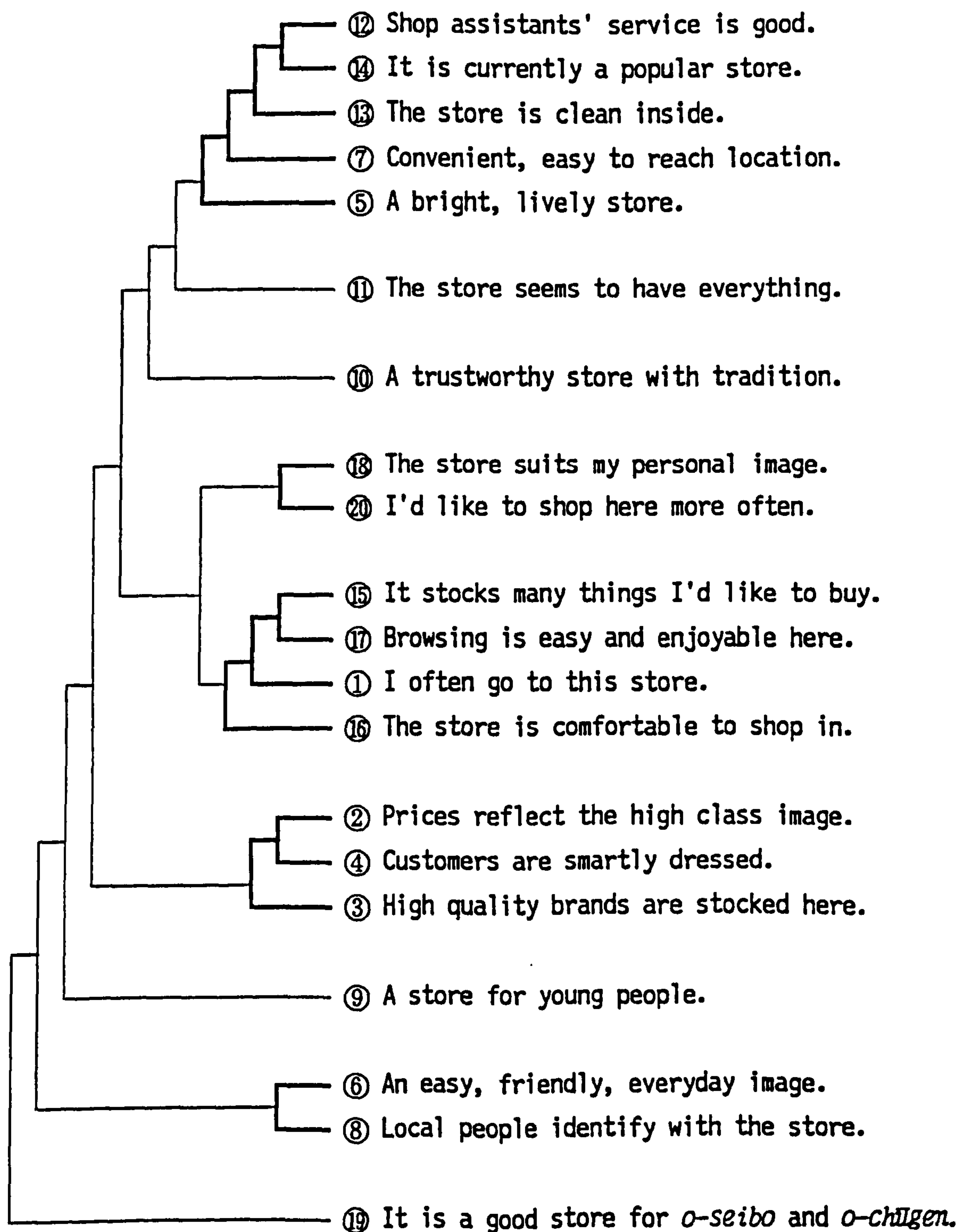
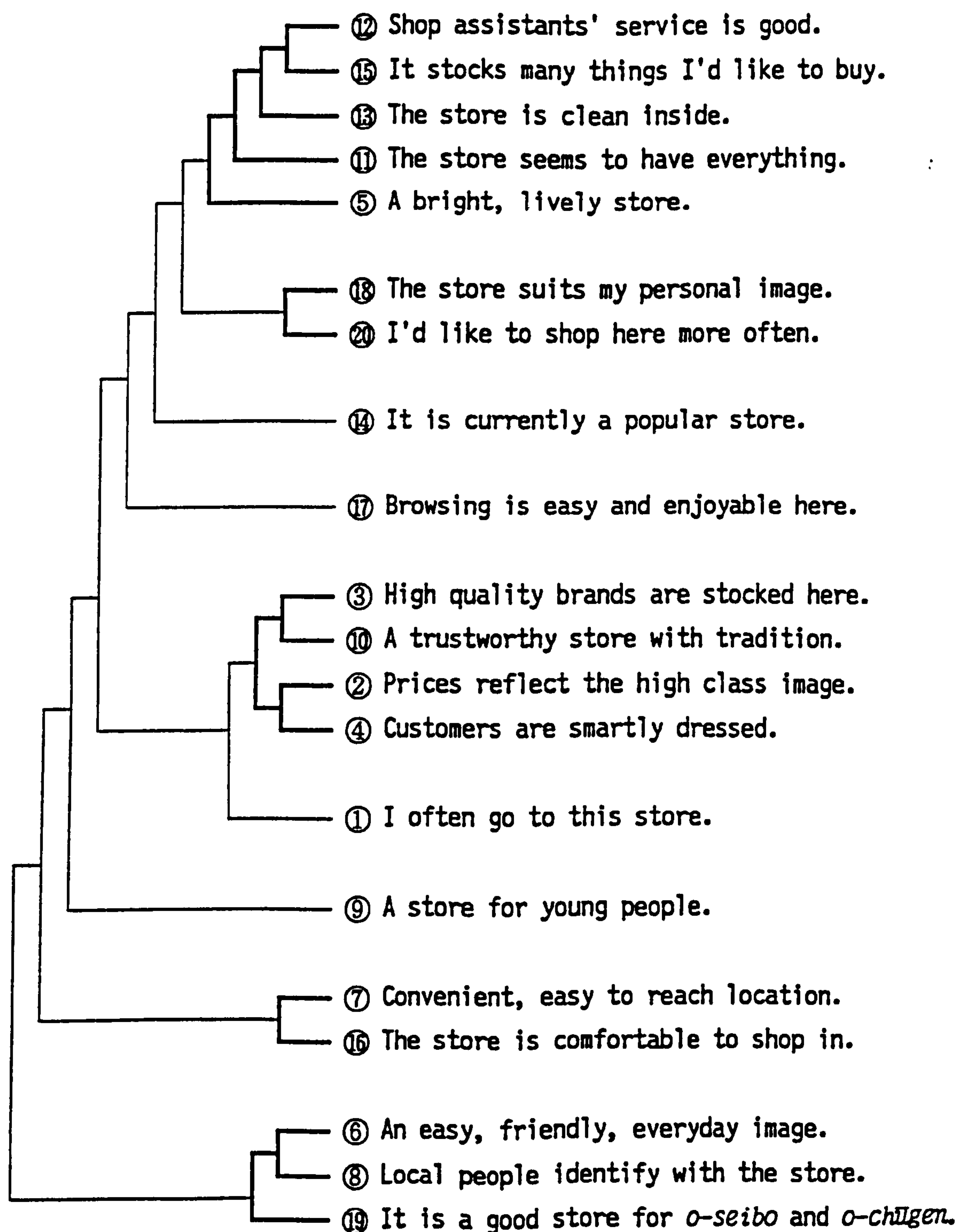




FIGURE 9.20

CLUSTER ANALYSIS OF ASSESSMENT CONSTRUCTS: TOKYO IDEAL STORE



to stores at a personal level (18, 20). This is perhaps natural in markets where there are a great number of large retail stores. From among the large array of options available to them, consumers want something that stimulates their preference at an individual level.

Other than this, Yokohama and Tokyo respondents appear to perceive their Ideal Stores slightly differently. In Yokohama, the ease of using a store, a comfortable atmosphere and a suitability for browsing form a distinct factor (15, 17, 1, 16).

In Tokyo, although clustering later than in Nagoya, the same quality, prestige factor again emerges (3, 10, 2, 4). This may be expected in a capital city where appearances count for a great deal. A store's status appeal is clearly an important feature in Japan as a whole.

## 9.8 SUMMARY AND CONCLUSIONS

The analysis of the questionnaire data considered a number of predetermined hypotheses, concentrating on appropriate non-parametric statistical techniques. The results overall have a rather tentative nature as much depends on the validity of the twenty constructs generated from the earlier interview survey, and the degree to which the eight primary stores are representative in each of the four subject cities. Neither problem could be considered without branching the study onto a different course, or extending the time limit applied.

Nevertheless, the results do give much food for thought, and suggest some consistent aspects of Japanese consumers' perceptions of large stores. The results showed that the respondents appeared to form surprisingly clear and detailed perceptions and ranked preferences of the large stores they knew. It was also confirmed that this ranking of preferences did not differ significantly between consumer types, suggesting that the effective perceptions were broadly similar for various groups.

A test was carried out on the assumption that different retail types will be



distinguished within consumers' perceptions and preference rankings. While department stores, fashion buildings and superstores were generally distinguished from each other, it was found that consumer perceptions appeared to be more complex. Department stores were distinguished depending on whether they were the traditional and prestigious type or newer and more fashionable. In particular, older 'traditional' department stores were perceived to be similar by all consumer types. These stores were preferred by older respondents.

On the basis of the average scores allocated to stores and in relation to the twenty constructs used in the questionnaire, consumers' perceptions were considered in slightly more detail. Different consumer groups clearly preferred different store types, although the results were not always as one might have expected. The main differences separated younger consumers from the more mature consumer types. These results were generally consistent over the four cities.

Finally, using cluster analysis, an attempt was made to explain characteristics of consumers perceptions of different stores. As the number of respondents in some groups was low for some cities, this was only undertaken at the aggregate level, and not for each consumer type. A representative selection of twelve stores was taken from the thirty two originally used.

Although the discussion in this final section remains at a subjective level, interesting differences were identified between different store types, and between different stores of the same type. Analysis of the Ideal Store perceptions from each city showed a marked preference for quality and prestige in Nagoya, but a more practical view in Yokohama and Tokyo.

The final chapter will return to these results once more and point out the problems and limitations with the study. Already some observations have been made as to how the research could be further expanded from here on. This will be discussed in more detail in the final chapter.

## NOTES TO CHAPTER 9

- (1) Respondents were required to complete other demographic and socioeconomic details in the questionnaire, but as the volume of data directly related to the assessment and ranking of the subject stores was so large, and because the questionnaire data analysis can be considered secondary to the analysis already carried out on the interview constructs, this extra detail was not used in the current analysis. This data is available for analysis at a future date.
- (2) More precisely,  $F$ , was greater than the most sensitive measure given by the SPSSx procedure. This is the 0.009% level of significance (less than 0.00009). In all similar cases below, the results will be said to be significant above the 0.01% level of significance.
- (3) There was no need to adjust for ties (Siegal and Castellán, 1988: pp.239-241) as there was no more than one tie per ranking set.
- (4) Central Park is a shopping mall rather than a vertical fashion building. As the tenant mix within Central Park is very similar to that found in the true fashion buildings in Nagoya, the mall is referred to as a fashion building for the purposes of this discussion.
- (5) New department stores are presently rare in Japan, with Sogo being the only group to have any significant store expansion programme in recent years. For this reason, this point could be further taken up by considering the success of other new Sogo stores around Japan. This could be a further subject of study at a later date.
- (6) Siegal and Castellán (1988, p.180-181) point out the importance of adjusting for tied ranks. It is not clear from the SPSSx User's Manual whether ties are properly accounted for. It is assumed that they are, and that the results are accurate.
- (7) The Mito data were avoided due to their higher proportion of missing values. It would have been desirable to compare the Mito Ideal Store to that of the other cities, but the assessment of the Ideal Store was the most poorly completed of all.
- (8) It could be argued that a shopping mall is not a store, and, strictly speaking, this is true. Central Park is, however, operated exactly as a fashion building, with the one difference that it has a horizontal rather than a vertical structure. For the purposes of the analysis, only Central Park and Lumine Yokohama could be considered similarly highly rated fashion related outlets. Rather than separate Central Park out as a single store type, it was decided to ignore the difference in store format. Of course, this introduces some inaccuracy, but hopefully, the observations are still valid if taken individually for Central Park and Lumine alone.



CONCLUDING DISCUSSION: PERCEPTIONS OF LARGE RETAIL STORES IN JAPAN

10.1 INTRODUCTION

Only relatively recently has there been any significant concern with consumer behaviour in Japan. The growing number of Western businesses operating in the Japanese consumer market has resulted in a need to consider this topic in an English medium. The availability of precise information on perceptions and behaviour at the micro level is a preliminary step to expanding towards a more general picture of Japanese consumer behaviour as a whole.

The aim of this study has been to consider consumer perceptions of large stores in Japan. The study considers consumer perception in Japan at the level of the individual consumer. Large retail stores are an important outlet for imported consumer goods, and several of the largest distribution companies are themselves major importers. For this reason, the ways in which consumers view and use these large stores are important for all businesses in the Japanese market.

There are some doubts about the appropriateness of applying theories and ideas from non-Japanese sources to any Japanese situation. Consequently, the study centred upon a fairly large primary survey in Japan, and prior assumptions about the way in which consumers perceive stores were avoided. This allows the interpretation of results from different perspectives, and not all the data collected during the course of the survey were used in this thesis. This was intentional and necessary as the study was exploratory in its approach. The results presented in the previous two chapters provide a number of indications of how retail stores are perceived. These showed a number of important factors that arise from the data, some of which could be said to be similar to Western experience, others not so. Some results could be said to have been expected, but

as they had not previously been presented as results of primary data generated from Japanese consumer sources, they could not be said to be 'obvious'.

This chapter summarises the research and the main conclusions of the data analysis. In addition, a number of key limitations of the study are noted. Most importantly, as the study presents research in an area which has not been considered in the past, future development of the issues raised here are discussed, along with important areas for future study.

## 10.2 JAPANESE DISTRIBUTION PRESENT AND FUTURE

The preliminary chapters presented background information concerning the Japanese distribution system. Current issues include the increasing interest of overseas observers in the system, government policy centred around the Large Store Law, and developments within the system itself. A complete overview of the distribution system was provided due to the continuing importance of independent wholesalers and large numbers of small retailers in the system. Such a broad review is necessary in order to understand the situation of the large retail stores with which the study is mainly concerned.

English language literature relating to Japanese distribution is substantial and has a relatively long history. Nevertheless, as with many aspects of Japanese life, Western observers who have not lived and worked in Japan for any significant period of time, often take a very narrow, or at best a very short-term view of the situation. The study undertaken here took full advantage of long term observation of retailing in Japan, informal discussion with consumers and people working in distribution, and use of a substantial volume of Japanese literature to present a fresh view of the system.

Japanese consumers appear to have a high regard for many of the retailers which they use. This was illustrated in the survey research. The level of enthusiasm displayed during the interviews was not simply a result of taking part in the novel activity of a Western research project. Shopping is an



important activity, carried out daily by many Japanese women. Shops form a major recreational facility in Japan. Respondents' enthusiasm was as much a part of their interest in shopping and shops, as an indication of their suitability as 'good' research subjects. In this way, the description of <sup>the</sup> distribution system provided information which contributes to the understanding of retailing in Japan as held by Japanese consumers. In order to understand consumer perceptions, it is important to see the situation from their point of view.

As described in chapter 2, the growth of large retailing in Japan has been regulated for many years. This regulation presently takes the form of the Large Store Law. The first moves towards deregulation were seen in 1990, and a period of rapid retail expansion may occur in the last decade of the century. Already, this development is being anticipated as major retail corporations increase the number of applications to open large outlets, and Japanese investors begin to take a greater interest in the retail sector.

Once deregulation takes effect, significant changes are likely to occur. In addition, and partly as a consequence of the expansion of corporate retailing, the decline in numbers of small independent stores will continue. Small stores still form the core of the Japanese retail industry. It was argued in chapter 6 that these small stores act as competitors to large retail stores, and especially so in the eyes of consumers. The competitive strength of large retail companies continues to increase, however, and, along with large numbers of retailers retiring due to old age, the decline in numbers looks set to continue in the long term. It is possible that a further 500,000 or more very small retail outlets could disappear from Japan in the next decade. In addition, remaining and new small retailers in Japan are increasingly looking to rationalise their businesses, leading to the growing emergence of chains of small stores, and small stores run as more than a subsistence level, non-incorporated business.

Large retailers have reached a position of consolidation. The positions of Daiei, Ito-Yokado, Jusco and Seibu Saison Group are now unassailable except

from within their own ranks. Only in the final years of the 1980s have even these relatively new companies made any significant moves away from traditional distribution roles, ie. those which automatically supported other members in the chain, and towards more open competition with a view to expanding their own markets. The strength of the largest retailers may mean that the industry as a whole undergoes considerable concentration of power into the hands of a relatively small number of corporations.

A number of future studies are suggested by the review of Japanese distribution. A detailed look at the true effects of the Large Store Law on store openings would be useful, but difficult to achieve because of the need to gain access to official data. An illustrated study of the application process involved in opening a new large store, considered from the point of view of the developer, the retailer, planners and existing local retailers would help to clarify the present confusion as to what happens below the level of government regulation.

At the macro level, a study of consumer protection and related legislation would be suitable for comparison with a model such as the legislation of the European Community or the United States. Again, it would be necessary to go below the level of the actual legislation, and consider the type of practices employed by retailers and the effect they have on consumers.

The systemised use of space by corporate retailers, both in the superstore and convenience store sector presents another interesting area. The cost of land in Japan is high, and many stores have little storage space except for displayed merchandise. A study of the use of space in Japanese stores would present some differences and possibly improvements on Western practice.

### 10.3 PRIMARY RESEARCH METHODOLOGY IN JAPAN

There exists a large and, for Western eyes, untapped volume of Japanese literature relating to distribution and marketing in Japan; far more than there



was time to cover in this study. The Japanese translate Western publications almost as a matter of course, but Japanese materials are not widely available in Britain even in original form, let alone translation. While the time consuming aspect of reading Japanese material puts a certain limitation on the type and volume of literature that can be employed in a study concerned with Japan, a substantial number of Japanese sources have been used in this study. This is a major advantage of the study, and not one that can be taken for granted in English language studies of Japan. As Mouer and Sugimoto (1986) point out, Vogel's famous work on Japan, 'Japan's New Middle Class' contained only seven Japanese language references. Some studies, even as recent as Emmott (1989), appear to use no Japanese language sources.

Journalistic publications in Japan provide a large range of material. While care is needed to take accurate and relevant information from such material, the seeming lack of original academic material that these reports and books are an important source. In addition, and equally important, in the same way that the English used by some academics can be difficult to follow, journalistic publications provide a source of Japanese material that are easier to understand, contain a greater volume of quantitative data, and take a more objective view of non-theoretical aspects of Japanese life. In the present study, both academic and non-academic sources have been used.

The financial costs of undertaking any project which involves research actually within Japan are considerable. These aside, the only other major barrier is the language. After Arabic, Japanese is probably the most difficult language in the world for non-native speakers. This, however, is purely on the basis of the written script, and undertaking a series of interviews in Japan in Japanese turned out to be less of a problem than at first envisaged.

Connected to the problem of language, throughout the study, it was hoped to avoid unnecessary bias entering the discussion from predetermined Western beliefs and observations. For this reason, repertory grid was chosen as the basis of the interview method employed. This proved to be highly successful. It

is probable that the technique described in chapter 7 of this study could be equally applied in any language.

The unique characteristic of its use here was the application of the technique to groups of respondents within a single interview. This, again, was very successful, with groups of three familiar respondents replying with enthusiasm and in great detail.

On this basis, no hesitation need occur in applying the same technique to other studies in Japan. This can be done best through trained Japanese interviewers, but the technique could easily be applied by a non-Japanese researcher with 'only' advanced ability in the language. It can be argued that to undertake research in a foreign language, to do justice to the study, the researcher should be fluent in that language.

Repertory Grid would also be useful if a similar study were to be undertaken to a much greater depth. The repertory grid technique could be applied in such a way that each elicited construct is taken to a higher level of meaning, something that was not done in the present study. It could also be applied to a study involving retail managers or other expert respondents.

Prior to this, however, one major area for future research would be to consider market research techniques and their success or otherwise with Japanese respondents. This would make a very useful study in itself. It may be possible to conduct such a study through a series of interviews with managers in market research companies within Japan rather than test different techniques in the field.

Like a lot of research undertaken at this level, and especially when there is a forced geographical separation from most sources of advice, the actual application of techniques tend to become as much a result of trial and error as skillful use. While it was expected that early techniques may have to be modified during the course of the data collection phase of the study, this was not the case. The success of the repertory grid technique employed in the study can be seen as a single major result of the study in itself.



## 10.4 CONSUMER PERCEPTIONS OF LARGE STORES IN JAPAN

The results of the interview survey and the questionnaire survey are difficult to summarise because of their tentative nature. This was largely unavoidable due to the unique character of the study. The research can be seen as exploratory both in terms of the new techniques applied in a Japanese situation, and because of the subject matter chosen for investigation from the point of view of a non-Japanese observer.

Nine hypotheses were employed for the purposes of analysis. These are used to summarise the overall results of the research.

### 10.4.1 H1: JAPANESE CONSUMERS HAVE A CLEAR AND DETAILED PERCEPTION OF THE STORES THAT FORM THE ELEMENTS OF THEIR AWARENESS SET

Although the interview technique was not used to its feasible limits, the range and depth of perception held by Japanese consumers towards large retail stores was quite striking. The 57 respondents elicited 552 constructs with 373 remaining after the major overlap in individual groups' perceptions were eliminated. This is a surprisingly large number of observations for the interview time employed.

It was difficult to test the first hypothesis in a quantitative way. It was seen, however, that a large number of constructs were elicited in the course of 19 interviews, and these covered a wide range of perceptions. Constructs varied from small details of store interiors to general, functional aspects of stores. Different consumer groups elicited slightly different constructs depending on their own interests. Younger consumers were more concerned with a wide range of stores, especially fashion buildings and some department stores. In general, housewives were the most knowledgable consumer type concerning superstores, but in the more provincial cities, superstores maintained a higher profile, near to that of local department stores, and were consequently known by most

respondents. The *sarariman* groups had the least knowledge of all the consumers interviewed, although, again, younger respondents did take a greater interest. *Sarariman* groups had a better knowledge of retail companies and factors that were of interest to businessmen.

Overall, the volume and depth of the constructs elicited from all consumer types leads to the conclusion that H1 is true. Japanese consumers are well aware of the large stores available to them in their local shopping areas, and most consumer types hold fairly strong views regarding these stores.

#### 10.4.2 H2: STORE PERCEPTION CONSTRUCTS ARE SIMILAR ACROSS DIFFERENT CONSUMER GROUPS

From the 552 constructs elicited, twelve construct categories were identified based on a content analysis. After rationalising these categories for purposes of analysis, chi-square was used to test for significant differences in constructs elicited by consumer type. The result was not significant. This confirmed H2, and it was concluded that stores are perceived by different consumer types on the basis of similar factors.

#### 10.4.3 H3: STORE PERCEPTION CONSTRUCTS ARE SIMILAR IN CITIES OF VARYING SIZE AND STRUCTURE

Hypothesis H3 was also considered using chi-square analysis. It was found that the frequency of constructs in each category differed by city to a significant degree. H3 was, therefore, rejected on this evidence.

Further investigation of the standardised residuals revealed that the main points of difference were a lack of concern with merchandise and price in Yokohama, the largest city studied, and a lack of concern with shopping facilities in the most provincial city, Nagano. The former of these two results is possibly due to the wide variety of merchandise and retail types, along with a fairly uniform distribution of prices in the large metropolitan area of



Yokohama. From the consumer's point of view, this area spreads into Tokyo, as Tokyo stores are within easy commuting distance. As Yokohama consumers can buy a very large range of goods, they may be less concerned with the type and range of merchandise stocked by one particular store.

The significantly few constructs elicited in Nagano with regard to shopping facilities is a little more difficult to explain. It was proposed, however, that the exterior of some Nagano stores may be poor, due to age and to the harsh winter conditions which lead to dust from spiked tyres being a major problem. The interviewees also noted a certain degree of dissatisfaction with the number of stores and the volume of merchandise available in the city as a whole. These factors may lead to some indifference with regard to shopping facilities in the city.

As H3 is rejected, it would be useful to study a larger sample of cities in Japan to make comparisons between consumer perceptions in each. The factors of price and the volume, range and availability of merchandise would be key factors to consider.

#### 10.4.4 H4: FREELY GENERATED STORE PERCEPTION CONSTRUCTS WILL RESEMBLE STORE 'IMAGE' FACTORS EMPLOYED IN PREVIOUS LITERATURE

This hypothesis was considered on a subjective basis by comparing the twelve categories elicited with the results of various surveys in the store image literature. The twelve categories produced in order of construct frequency were:

1. Merchandise assortment
2. Location and travel convenience
3. Intangible factors
4. Motivational factors
5. Clientele
6. Store facilities and layout
7. Company image
8. Store type and function
9. Price
10. Credit facilities and vouchers
11. Special events and in-store promotions
12. Promotion and advertising

It was found by reviewing the literature that many previous studies had identified the same types of categories prior to undertaking any survey work. The first two categories expected by previous researchers coincided with the first two categories elicited here. Merchandise and location related constructs accounted for almost a third of the total in the present research. On this basis, the constructs elicited are similar to those employed in previous studies and H4 can be accepted.

On the other hand, Category 3, intangible factors such as atmosphere, store comfort, quality of service, and prestigious reputation accounted for about 13% of the total constructs. This was a high proportion relative to previous studies. One reason for this, however, was that previous research has often taken the view of the researcher or the manager, so that constructs are prepared prior to the survey. Intangible factors are difficult to judge on an objective basis and have been omitted in many studies. From the point of view of the Japanese consumer, however, they are clearly important.

Secondly, price is given great emphasis in previous research, often with a weighting similar to merchandise and location. In the present study, price related factors appeared in only 3% of the elicited constructs. This small proportion suggests a degree of indifference towards price, probably due to the generally high level of prices overall in Japan. More precisely, in many shopping situations price can be said to be a secondary factor for Japanese consumers. Points such as how comfortable a person feels about using a store is given primary emphasis along with merchandise and location.

#### 10.4.5 H5: DIFFERING TYPES OF LARGE STORE WILL BE PERCEIVED DIFFERENTLY, BUT ON BASICALLY THE SAME PERCEPTUAL FRAMEWORK

Use of Friedman's Two-Way Analysis of Variance did not provide clear evidence to assess this hypothesis. Only eight interviews produced store assessments which differentiated between stores to a significant degree. Use of multidimensional scaling (MDS) along with cluster analysis did, however, show



clear diagrammatic evidence for the acceptance of H5. On MDS scatter diagrams, stores of similar types tended to cluster together for the four interviews which had shown significant differentiation between stores and which provided data suitable for MDS analysis.

H5 can be generally accepted as department stores, fashion buildings and superstores all grouped into clearly distinguishable clusters. The quality of the assessment data used for this analysis was not good, and this result requires further investigation to be confirmed. The hypothesis is, however, a basic one, and was termed to look for instances where, for example, a superstore was perceived as similar to a department store. Although such suggestions arose in the interviews, the data analysis did not produce any further evidence of this view.

#### 10.4.6 H6: JAPANESE CONSUMERS FORM CLEAR AND GENERALLY ACCEPTED RANKED PREFERENCES OF THE LARGE RETAIL STORES THAT FORM ELEMENTS OF THEIR AWARENESS SETS

The final four hypotheses were tested on an objective statistical basis using data from the questionnaire stage of the survey. This was designed to be more generally applicable as it considered a larger sample from the subject cities.

Hypothesis H6 was tested using rank correlations. By comparing the rank preference order of the subject stores produced on two separate questions in the survey it was found that for each subject city rank order was significantly correlated. H6 was therefore accepted. It may be interesting to expand this analysis over a wider sample to test for more general acceptance, but the levels of significance were high in three of the four subject cities, suggesting that the result is quite reliable.

#### 10.4.7 H7: DIFFERENT CONSUMER GROUPS DISTINGUISH BETWEEN LARGE STORES IN A SIMILAR MANNER

Rank correlation analysis was repeated for each consumer type in each city. Different consumer groups ranked stores in a similar manner to a significant degree and H7 was accepted. It was noted, however, the willingness to criticise or praise stores on the basis of the five point scale used differed between consumer types. The problems of using such scales in Japan have been noted by other authors (Fields, 1988a: pp.100-101), and it is possible that the results were affected by a tendency to choose neutral responses.

#### 10.4.8 H8: WITHIN THE RANK ORDER, DIFFERENT RETAIL STORE TYPES ARE EASILY DISTINGUISHABLE

Preliminary analysis using Friedman's Two-way ANOVA proved inclusive, but there was some suggestion that traditional, and new department stores were distinguished. The latter were often not significantly different from fashion buildings, while the former were seen as similar to other traditional stores. This result appeared in all four cities.

Further analysis using MDS and cluster analysis confirmed this result in Mito and Tokyo where Seibu stores clustered with fashion buildings rather than traditional department stores. It was not confirmed in Nagoya and Yokohama, where department stores of all types clustered together.

It was decided that the results for the Seibu stores in Mito and Tokyo were predictable. Although Seibu is a department store, the high content of fashion merchandise in the two stores in question, along with the younger clientele using the stores led to the stores being perceived similar to fashion buildings. Overall, therefore, H8 was accepted. This result was further considered in discussing H9.

#### 10.4.9 H9: STORE PERCEPTIONS OF DIFFERENT CONSUMER TYPES ARE SIMILAR ACROSS DIFFERENT TYPES OF STORES

The final hypothesis was considered on a subjective basis employing mean



scores for each store by consumer type. On the basis of rankings of mean scores H9 was rejected. It was found that notably different ranks were produced by the different consumer types. Section 9.6 provides a full discussion on the various points raised, but this can be summarised into three main points.

First, there was a clear difference between the preference ranking of younger (high school students, college students, OLs) and older consumers (*sarariman*, housewives). In general, the former preferred fashion buildings and fashionable department stores, and often ranked traditional department stores quite low. The older groups produced a result that was generally opposite to this, with traditional stores being ranked high, and fashion buildings low.

Secondly, office ladies preferred more prestigious, fashionable stores, giving high mean scores to the most prominent fashion buildings and good quality department stores. This suggests a highly discerning attitude in this group of consumers, with a wide variety of store types being used on a regular basis. The OL's high disposable income and relatively large amount of free time contributes to this. Housewives also showed a firm preference for the most prestigious traditional department stores, as befits their role as organisers of obligatory gifts.

Finally, *sarariman* groups produced mean scores which were not greatly differentiated between the most preferred and the least preferred stores. This consumer group also gave higher scores to some superstores which were scored poorly by others. This suggests a less discerning attitude to shopping. *Sarariman* have little time for shopping and tend to be less interested in stores as a whole, and this is confirmed by points raised in the interview survey.

#### 10.4.10 HOW DO JAPANESE CONSUMERS PERCEIVE STORES?

The analysis of the survey data, in particular the 552 constructs elicited in the interview survey, provide some important clues to the answer of this question. As the question forms the main aim of the research, however, it

requires further consideration. This was done on a subjective basis, in section 9.7, through discussion about the way in which the twenty questionnaire constructs clustered together for particular stores.

Department stores were found to be perceived through similar clusters of constructs. The quality, range of merchandise, and the perceived status level of the store were important factors in both Nagoya and Tokyo. High prices were also generally expected. Department stores were the only store type that were perceived as suitable for the purchase of the *o-seibo* and *o-chūgen* obligatory gifts.

Popular fashion buildings in Nagoya and Yokohama were perceived as being smart, quite high priced, with a wide variety of high quality goods, and as being more suitable for a young, fashionable clientele. Superstores were seen as comfortable to shop in and suited to all types of consumers. The volume and range of merchandise was important in superstores as with all other store types.

Finally, three 'Ideal Stores' were compared. Here differences appeared between the subject cities. Nagoya respondents were more concerned with factors relating to quality and prestige. Prices were important, but rather than expecting low prices, an ideal store would set prices which reflect the quality and status of the store and the merchandise.

In Yokohama and Tokyo, however, service, range of merchandise, and the amiability of the store were the most important factors. It was found that status or prestige factors also clustered together in Tokyo, but this came after more practical aspects of the store such as merchandise and location. Yokohama respondents were less concerned with the prestige of the store.

It is difficult to specify exactly 'how' a Japanese consumer will perceive a store, but the analysis did begin to move towards predicting the responses of consumers in different cities. Further research concentrated in a single subject city would allow the ideas raised in section 9.7 to be tested more fully. These include the recognition of, and search for status in the shopping activities of Nagoya people, and, to a smaller degree in Tokyo. Alternatively,



Yokohama shoppers appear to take a more practical view, and the interview data suggests this may also be the case in smaller, regional centres.

The building of a more detailed model of consumer perceptions of certain store types would allow market entrants to choose the retail type in which their business would be best suited.

#### 10.5 MAJOR PROBLEMS AND FUTURE POSSIBILITIES

There are clearly major financial and logistical constraints to studying a country as far away from Britain as Japan. In the light of this, the main aims of the research were too broad. The problem was choosing an area which would provide wide interest both at the academic and practical business level without repeating previous work to an unnecessary degree. In addition, the aim of the study had to be determined on the basis of the limited volume of material available in Britain. The literature reviewed prior to going to Japan was concerned with Japanese distribution in general, with very little material available which was related directly to Japanese consumers.

Consequently, it is difficult to draw many specific conclusions on the basis of the general ideas presented in the introduction. The previous section presents tentative answers to some of the questions posed, but readers of the research will be able to identify specific areas of interest and future possibilities for their own study. The thesis will be of interest to most scholars of Japanese life, and specific points can be identified which relate to those with a more business orientated concern with Japan.

The study could have been better focused to a specific point of Japanese consumer behaviour. The problem would have been identifying the area to be considered. Obligatory gift shopping would have been one possibility. Equally, the study could have been limited to a single store type or a single city area. Although far more importance was attached to the interview stage of the survey, it would have been appropriate to restrict the survey to interviews alone,

increasing the overall number undertaken and taking the investigation to greater depth.

The research has provided a large number of possibilities for future studies. A number of these have been pointed out throughout the preceeding chapters. Further possibilities include extending the current research along the lines of the interview results, or on the basis of cluster analysis presented in section 9.7 and outlined above. A study could be undertaken to look at the apparent key elements of store perception in Japan, especially the intangible factors of atmosphere and store service. By focusing on a specific Japanese city, it would be possible to consider the 'why' of large store choice in more detail, and extend the study to smaller format stores in a limited geographical area.

Many of these ideas would be of direct interest and have a commercial relevance to Western observers. The existence of a number of Western retailers in Japan, including Laura Ashley, Benetton, C&A, Paul Smith, Body Shop and Brooks Brothers suggests the possibility of further expansion and development for the right companies. Who would be the right companies? Following on from the results of the present study, discount retailers like Toys 'R' Us present a totally new concept to Japan, but it is still unsure how consumers will react to this un-Japanese form of retailing when they are happy looking for high prices and social significance in much of their shopping.

## 10.6 THE PERCEPTION OF LARGE STORES IN JAPAN

The constructs generated in the survey provide some important clues as to how Japanese consumers perceive stores. As already pointed out, the volume and variety of constructs generated from a relatively small sample of Japanese consumers does provide one major conclusion: Japanese consumers perceive large stores very clearly. They are well aware of the stores available to them, and have firm opinions relating to each of these stores.

With so many high profile stores in Japan, and the large number of retailers



overall, consumer perceptions may have been expected to be rather blunt due to the large volume of information available to them. This was not the case. Perceptions were clear and detailed. Within particular consumer groups and in relation to particular store types, preferences were also clear - younger consumers preferring more fashionable stores, and older groups ranking the more prestigious stores best. These results were consistent over different cities.

In any case, a greater interest in consumer behaviour in Japan is desirable. Knowledge in this area is useful to both Japanese and Westerners, and to both academic or business practitioners.

## APPENDICES

1. Example of a Completed Data Sheet
2. Full Data for the 19 interviews
3. Examples of Japanese questionnaires



APPENDIX 1: Example of Completed Interview Data Sheet

DATE: 23.2.29 AM (PH) CITY: 名古屋・横浜・水戸 (長野) ( ) GROUP: (高松) 大学生・主婦・OL・サラ 男 ( ) 女 ( )

項目	カード 番号	似ている項目	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.	41.	42.	43.	44.	45.	46.	47.	48.	49.	50.	51.	52.	53.	54.	55.	56.	57.	58.	59.	60.	61.	62.	63.	64.	65.	66.	67.	68.	69.	70.	71.	72.	73.	74.	75.	76.	77.	78.	79.	80.	81.	82.	83.	84.	85.	86.	87.	88.	89.	90.	91.	92.	93.	94.	95.	96.	97.	98.	99.	100.	101.	102.	103.	104.	105.	106.	107.	108.	109.	110.	111.	112.	113.	114.	115.	116.	117.	118.	119.	120.	121.	122.	123.	124.	125.	126.	127.	128.	129.	130.	131.	132.	133.	134.	135.	136.	137.	138.	139.	140.	141.	142.	143.	144.	145.	146.	147.	148.	149.	150.	151.	152.	153.	154.	155.	156.	157.	158.	159.	160.	161.	162.	163.	164.	165.	166.	167.	168.	169.	170.	171.	172.	173.	174.	175.	176.	177.	178.	179.	180.	181.	182.	183.	184.	185.	186.	187.	188.	189.	190.	191.	192.	193.	194.	195.	196.	197.	198.	199.	200.	201.	202.	203.	204.	205.	206.	207.	208.	209.	210.	211.	212.	213.	214.	215.	216.	217.	218.	219.	220.	221.	222.	223.	224.	225.	226.	227.	228.	229.	230.	231.	232.	233.	234.	235.	236.	237.	238.	239.	240.	241.	242.	243.	244.	245.	246.	247.	248.	249.	250.	251.	252.	253.	254.	255.	256.	257.	258.	259.	260.	261.	262.	263.	264.	265.	266.	267.	268.	269.	270.	271.	272.	273.	274.	275.	276.	277.	278.	279.	280.	281.	282.	283.	284.	285.	286.	287.	288.	289.	290.	291.	292.	293.	294.	295.	296.	297.	298.	299.	300.	301.	302.	303.	304.	305.	306.	307.	308.	309.	310.	311.	312.	313.	314.	315.	316.	317.	318.	319.	320.	321.	322.	323.	324.	325.	326.	327.	328.	329.	330.	331.	332.	333.	334.	335.	336.	337.	338.	339.	340.	341.	342.	343.	344.	345.	346.	347.	348.	349.	350.	351.	352.	353.	354.	355.	356.	357.	358.	359.	360.	361.	362.	363.	364.	365.	366.	367.	368.	369.	370.	371.	372.	373.	374.	375.	376.	377.	378.	379.	380.	381.	382.	383.	384.	385.	386.	387.	388.	389.	390.	391.	392.	393.	394.	395.	396.	397.	398.	399.	400.	401.	402.	403.	404.	405.	406.	407.	408.	409.	410.	411.	412.	413.	414.	415.	416.	417.	418.	419.	420.	421.	422.	423.	424.	425.	426.	427.	428.	429.	430.	431.	432.	433.	434.	435.	436.	437.	438.	439.	440.	441.	442.	443.	444.	445.	446.	447.	448.	449.	450.	451.	452.	453.	454.	455.	456.	457.	458.	459.	460.	461.	462.	463.	464.	465.	466.	467.	468.	469.	470.	471.	472.	473.	474.	475.	476.	477.	478.	479.	480.	481.	482.	483.	484.	485.	486.	487.	488.	489.	490.	491.	492.	493.	494.	495.	496.	497.	498.	499.	500.	501.	502.	503.	504.	505.	506.	507.	508.	509.	510.	511.	512.	513.	514.	515.	516.	517.	518.	519.	520.	521.	522.	523.	524.	525.	526.	527.	528.	529.	530.	531.	532.	533.	534.	535.	536.	537.	538.	539.	540.	541.	542.	543.	544.	545.	546.	547.	548.	549.	550.	551.	552.	553.	554.	555.	556.	557.	558.	559.	560.	561.	562.	563.	564.	565.	566.	567.	568.	569.	570.	571.	572.	573.	574.	575.	576.	577.	578.	579.	580.	581.	582.	583.	584.	585.	586.	587.	588.	589.	590.	591.	592.	593.	594.	595.	596.	597.	598.	599.	600.	601.	602.	603.	604.	605.	606.	607.	608.	609.	610.	611.	612.	613.	614.	615.	616.	617.	618.	619.	620.	621.	622.	623.	624.	625.	626.	627.	628.	629.	630.	631.	632.	633.	634.	635.	636.	637.	638.	639.	640.	641.	642.	643.	644.	645.	646.	647.	648.	649.	650.	651.	652.	653.	654.	655.	656.	657.	658.	659.	660.	661.	662.	663.	664.	665.	666.	667.	668.	669.	670.	671.	672.	673.	674.	675.	676.	677.	678.	679.	680.	681.	682.	683.	684.	685.	686.	687.	688.	689.	690.	691.	692.	693.	694.	695.	696.	697.	698.	699.	700.	701.	702.	703.	704.	705.	706.	707.	708.	709.	710.	711.	712.	713.	714.	715.	716.	717.	718.	719.	720.	721.	722.	723.	724.	725.	726.	727.	728.	729.	730.	731.	732.	733.	734.	735.	736.	737.	738.	739.	740.	741.	742.	743.	744.	745.	746.	747.	748.	749.	750.	751.	752.	753.	754.	755.	756.	757.	758.	759.	760.	761.	762.	763.	764.	765.	766.	767.	768.	769.	770.	771.	772.	773.	774.	775.	776.	777.	778.	779.	780.	781.	782.	783.	784.	785.	786.	787.	788.	789.	790.	791.	792.	793.	794.	795.	796.	797.	798.	799.	800.	801.	802.	803.	804.	805.	806.	807.	808.	809.	810.	811.	812.	813.	814.	815.	816.	817.	818.	819.	820.	821.	822.	823.	824.	825.	826.	827.	828.	829.	830.	831.	832.	833.	834.	835.	836.	837.	838.	839.	840.	841.	842.	843.	844.	845.	846.	847.	848.	849.	850.	851.	852.	853.	854.	855.	856.	857.	858.	859.	860.	861.	862.	863.	864.	865.	866.	867.	868.	869.	870.	871.	872.	873.	874.	875.	876.	877.	878.	879.	880.	881.	882.	883.	884.	885.	886.	887.	888.	889.	890.	891.	892.	893.	894.	895.	896.	897.	898.	899.	900.	901.	902.	903.	904.	905.	906.	907.	908.	909.	910.	911.	912.	913.	914.	915.	916.	917.	918.	919.	920.	921.	922.	923.	924.	925.	926.	927.	928.	929.	930.	931.	932.	933.	934.	935.	936.	937.	938.	939.	940.	941.	942.	943.	944.	945.	946.	947.	948.	949.	950.	951.	952.	953.	954.	955.	956.	957.	958.	959.	960.	961.	962.	963.	964.	965.	966.	967.	968.	969.	970.	971.	972.	973.	974.	975.	976.	977.	978.	979.	980.	981.	982.	983.	984.	985.	986.	987.	988.	989.	990.	991.	992.	993.	994.	995.	996.	997.	998.	999.	1000.
	#5	似ている項目	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32.	33.	34.	35.	36.	37.	38.	39.	40.	41.	42.	43.	44.	45.	46.	47.	48.	49.	50.	51.	52.	53.	54.	55.	56.	57.	58.	59.	60.	61.	62.	63.	64.	65.	66.	67.	68.	69.	70.	71.	72.	73.	74.	75.	76.	77.	78.	79.	80.	81.	82.	83.	84.	85.	86.	87.	88.	89.	90.	91.	92.	93.	94.	95.	96.	97.	98.	99.	100.	101.	102.	103.	104.	105.	106.	107.	108.	109.	110.	111.	112.	113.	114.	115.	116.	117.	118.	119.	120.	121.	122.	123.	124.	125.	126.	127.	128.	129.	130.	131.	132.	133.	134.	135.	136.	137.	138.	139.	140.	141.	142.	143.	144.	145.	146.	147.	148.	149.	150.	151.	152.	153.	154.	155.	156.	157.	158.	159.	160.	161.	162.	163.	164.	165.	166.	167.	168.	169.	170.	171.	172.	173.	174.	175.	176.	177.	178.	179.	180.	181.	182.	183.	184.	185.	186.	187.	188.	189.	190.	191.	192.	193.	194.	195.	196.	197.	198.	199.	200.	201.	202.	203.	204.	205.	206.	207.	208.	209.	210.	211.	212.	213.	214.	215.	216.	217.	218.	219.	220.	221.	222.	223.	224.	225.	226.	227.	228.	229.	230.	231.	232.	233.	234.	235.	236.	237.	238.	239.	240.	241.	242.	243.	244.	245.	246.	247.	248.	249.	250.	251.	252.	253.	254.	255.	256.	257.	258.	259.	260.	261.	262.	263.	264.	265.	266.	267.	268.	269.	270.	271.	272.	273.	274.	275.	276.	277.	278.	279.	280.	281.	282.	283.	284.	285.	286.	287.	288.	289.	290.	291.	292.	293.	294.	295.	296.	297.	298.	299.	300.	301.	302.	303.	304.	305.	306.	307.	308.	309.	310.	311.	312.	313.	314.	315.	316.	317.	318.	319.	320.	321.	322.	323.	324.	325.	326.	327.	328.	329.	330.	331.	332.	333.	334.	335.	336.	337.	338.	339.	340.	341.	342.	343.	344.	345.	346.	347.	348.	349.	350.	351.	352.	353.	354.	355.	356.	357.	358.	359.	360.	361.	362.	363.	364.	365.	366.	367.	368.	369.	370.	371.	372.	373.	374.	375.	376.	377.	378.	379.	380.	381.	382.	383.	384.	385.	386.	387.	388.	389.	390.	391.	392.	393.	394.	395.	396.	397.	398.	399.	400.	401.	402.	403.	404.	405.	406.	407.	408.	409.	410.	411.	412.	413.	414.	415.	416.	417.	418.	419.	420.	421.	422.	423.	424.	425.	426.	427.	428.	429.	430.	431.	432.	433.	434.	435.	436.	437.	438.	439.	440.	441.	442.	443.	444.	445.	446.	447.	448.	449.	450.	451.	452.	453.	454.	455.	456.	457.	458.	459.	460.	461.	462.	463.	464.	465.	466.	467.	468.	469.	470.	471.	472.	473.	474.	475.	476.	477.	478.	479.	480.	481.	482.	483.	484.	485.	486.	487.	488.	489.	490.	491.	492.	493.	494.	495.	496.	497.	498.	499.	500.	501.	502.	503.	504.	505.	506.	507.	508.	509.	510.	511.	512.	513.	514.	515.	516.	517.	518.	519.	520.	521.	522.	523.	524.	525.	526.	527.	528.	529.	530.	531.	532.	533.	534.	535.	536.	537.	538.	539.	540.	541.	542.	543.	544.	545.	546.	547.	548.																																																																																																																																																																																																																																																																																																																																																																																																																																																																				

## APPENDIX 2

FULL DATA FOR THE 19 INTERVIEWS



INTERVIEW 1.

NAGOYA HIGH SCHOOL STUDENTS

STORES AND CARD NUMBERS ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	STORES AND CARD NUMBERS ⇒														CONSTRUCT ASSESSMENT 7
			01 三越	03 松坂屋	05 名鉄	07 丸栄	08 丸栄スカイル	09 ノバ	10 ANNEX	11 東急ハンズ	12 セントラルパーク	14 名鉄メルサ	15 名鉄セブン	18 ダイエー栄店	23 ユニー今池店	28 アピタ	
1	010307	高級品に中心	7	6	4	5	4	5	5	2	4	6	5	1	1	4	高級ではない
2	07	古い、歴史がある	7	7	5	4	4	3	1	1	3	5	4	5	5	2	新しい、歴史が短い
3	07	マダム向け	7	7	6	4	3	4	3	1	3	6	2	1	1	1	いい物と普通のもの
4	01	DCの別館がある															庶民的
5	07	おばさんの品物															若いもの〔スタイル
6	03	地下につながっている															つながっていない
7	01	普通の商品	7	5	1	1	1	2	2	7	3	1	2	1	1	6	違うものを扱っている
8	07	流行が遅い	7	2	2	2	4	7	5	7	3	4	5	1	1	5	流行が早い
9	07	海外に支店がある															日本しかない
10	??	いい喫茶店がない															いい喫茶店がある
11	??	雰囲気がよくない	7	6	3	4	4	5	6	6	6	4	5	1	1	6	雰囲気がいい
12	101112	地上															地下
13	11	普通なもの															全く違う物変わった物
14	10	アイデアができない															アイデアができる
15	10	ファッションが古い															ファッションが新しい
16	10	全体的に普通な店	5	5	5	5	6	7	7	7	2	5	2	5	5	2	階によって変わってる
17	??	女性服に中心	7	5	5	5	7	7	7	4	2	4	4	6	6	5	男性服に中心
18	??	若者向き	7	7	6	7	3	1	2	1	3	5	1	7	7	1	おばさんでも見る
19	051528	レストランが施設よくない	7	6	1	1	7	7	3	4	3	4	2	3	4	7	レストランが美味しい
20	15	面白くない	6	2	2	2	2	4	6	7	4	2	2	5	5	7	地下の廊下が面白い
21	28	そういうことがない															地下の飲食店がすごい
22	28	場所が近い															遠い
23	05	CMがおもしろくない	5	5	3	2	3	7	6	7	6	2	6	2	1	7	CMがおもしろい
24	28	ナナちゃんが大きくない															ナナちゃん大きい
25	28	他の店がある															単位の店
26	15	そのことはない															4階の催しが面白い
27	28	ない															ハンティングワールドがある
28	081823	庶民的	2	2	5	4	3	2	2	3	4	4	5	7	7	2	高級の店
29	08	食料品が扱っている															食料品がない
30	08	すがきやがある															すがきやがない
31	08	オシャレじゃないと行けないイメージ	1	1	2	1	2	2	1	3	5	2	2	7	7	2	普通の服を着ても行ける
32	08	手頃〔食品も買う〕	2	2	5	5	5	2	5	7	6	3	5	7	7	7	手頃ではない
33	08	つっかけでもいく															行かない
34	08	場所は地下鉄から離れている															地下鉄に近い
35	23	行かない															ウィンチェルドーナツに行く

## INTERVIEW 2.

## NAGOYA COLLEGE STUDENTS

STORES AND CARDS⇒			01 三越	02 三越	03 松坂屋	04 松坂屋	05 名鉄	07 丸栄	11 東急ハンズ	12 セントラルパーク	28 アピタ	37 西友	CONSTRUCT ASSESSMENT 7
No	CARDS USED	CONSTRUCT ASSESSMENT 1	栄	星が丘	栄	名駅	名駅				名駅	高針	
1	051237	スーパーではないイメージ	2	3	3	3	4	4	2	1	4	7	スーパーそのもの
2	12	田舎っぽい	4	3	5	5	4	3	6	7	5	2	都会的
3	12	若者の感じが無い	2	4	2	2	2	1	6	7	6	3	若者の感じがある
4	12	行列ができるイメージ	3	5	2	3	1	5	7	7	7	5	開店の時間に行行列ができない
5	37	人の集まりが多い	2	3	3	1	1	2	2	1	3	4	人の集まりが少ない
6	37	友人と行く	4	5	3	1	5	4	3	1	1	7	家族で行く
7	37	車じゃないもので行く	2	6	2	1	1	2	6	4	3	7	車で行く
8	040728	年齢層が高い											若者向き
9	07	袋のマークが：：すぎる	2	2	4	4	3	7	3	3	2	1	袋のマークが：：すぎない
10		交通下—不便	6	5	4	7	7	5	4	7	3	1	交通上便利
11	28	お歳暮用	1	1	1	1	1	1	7	7	6	4	クリスマス用
12	020311	地理的に近い											田舎
13	11	面白くない	2	4	2	2	3	2	7	5	6	2	面白い
14	11	実用品	5	5	5	5	5	5	4	4	2	4	ドラゴンズグッズも売ってる
15	02	地理的行動範囲内	3	1	3	7	7	4	1	4	7	1	行動範囲外
16	04	地理的に便利	5	7	5	1	1	7	1	1	3	7	不便
17	04	必ず買う	2	3	2	2	2	2	7	7	5	1	買わなくても見る
18	04	近くに遊び場がある—映画館	1	1	1	7	1	1	7	1	6	4	近くに遊び場がない
19	030737	高級品	3	3	1	1	3	3	5	2	5	6	庶民的な品物
20	37	規模が大きい	2	3	2	3	3	3	6	1	4	5	規模が小さい
21	37	都会											田舎
22	07	イメージがいい	1	1	1	1	3	4	1	1	2	4	イメージが悪い
23	07	チェーンが多い—全国的	1	1	1	1	7	7	1	7	6	2	地元
24	010305	値段が安い	7	6	7	7	2	6	3	6	5	3	値段が安い
25	03	地理的に利用頻度が落ちない	2	5	3	2	2	2	3	1	4	7	地理的に利用頻度が落ちない
26	051128	商品が似ている—一般的	2	2	2	2	3	2	7	6	6	2	他の店とは商品が異なる
27	28	不明ではない	1	1	1	1	1	1	7	2	4	1	ファッションかバラエティが不明
28	28	イメージ的に場所がよい	1	3	2	2	2	2	1	1	6	7	イメージ的に場所が悪い
29	28	オシャレじゃなくても行ける	4	3	3	2	2	3	3	6	6	1	オシャレとして行きたい
30	28	恰好つけすぎない	2	2	2	2	3	3	3	4	4	1	恰好付け過ぎアピールしすぎ
31	28	照明が明るい	1	1	1	1	1	1	1	2	6	1	照明が暗い
32	28	CMが嫌らしくない	1	1	1	1	1	1	1	1	7	1	CMが嫌らしい
33	11	親しみにくい	4	5	3	3	3	4	6	4	3	3	親しみやすい



## INTERVIEW 3.

## NAGOYA OFFICE LADIES

STORE AND CARD⇒		01 三越—栄	03 松坂屋—栄	05 名鉄—名駅	07 丸栄	08 丸栄スカイル	10 ANNEX	11 東急ハンズ	12 セントラルパーク	14 名鉄メルサ—名駅	15 名鉄セブン	18 ダイエー—栄	28 アピタ—名駅	A ユニモール		
No	CARDS USED	CONSTRUCT ASSESSMENT 1														CONSTRUCT ASSESSMENT 7
1	010307	新しい	5	7	4	4	3	1	1	2	2	2	3	1	5	老舗
2	03	商品が少ない	6	7	6	5	6	7	5	6	4	5	4	6	5	商品が多い
3	03	品揃えが少ない	6	7	6	6	5	4	5	3	4	4	3	5	3	品数が揃っている
4	03	高級ではない品が多い	6	7	5	5	6	6	2	4	4	5	2	3	3	高級品が多い
5	03	流行を追う	6	6	5	5	4	2	2	2	3	3	5	1	3	定番商品が多い
6	07	贈答用商品券	1	1	2	2	7	7	7	7	7	7	7	7	7	なし
7	07	クーポン券制限がある	1	1	×	7	7	1	1	1	×	×	7	7	×	クーポン券が使用範囲大
8	03	栄交差点に近い	1	2	7	1	1	3	3	1	7	7	2	7	7	交差点から遠い
9	03	若向き	5	7	5	5	3	2	1	3	5	4	5	1	2	年齢層が高い
10	07	ブランド商品が店舗として入っている	1	1	4	4	5	3	7	4	7	3	7	4	4	ブランド商品がコーナーに置いてある
11	050812	デパート	1	1	1	1	2	2	3	7	3	3	2	3	7	商店街
12	12	目的がある時	1	1	5	1	2	7	7	7	7	3	1	7	7	ウィンドショッピング
13	05	場所は栄	1	6	7	1	1	1	1	1	7	7	6	7	7	場所は栄ではない
14	05	共通カードがあり	7	6	6	5	2	7	7	5	2	5	7	1	7	なし
15	12	バーゲンが派手—斉	1	1	1	1	1	1	2	5	2	1	1	1	1	個別
16	12	福引なし	1	1	1	1	1	7	7	7	1	1	5	1	7	福引があり
17	1A1428	洋服が主	4	4	4	4	4	4	7	5	1	4	6	7	1	雑貨が主
18	14	印象が深い	1	1	5	1	1	2	6	5	7	3	1	1	6	印象が深い—ついでに寄る
19	28	目的によって定めた店がある	1	1	4	2	4	6	5	6	3	1	1	7	7	ウィンドウショッピング
20	28	テーマを定めて売り出しをする	7	7	7	7	7	4	2	3	7	7	7	1	5	季節に関係がある
21	111518	都会的	1	1	1	1	1	1	1	1	2	2	7	1	3	ローカル
22	18	日常品ではない														日常品
23	101115	完成品	1	1	1	1	1	1	7	1	1	1	2	6	1	部品—衣料
24	15	場所、栄は—斉	1	6	7	1	1	1	1	1	7	7	6	7	7	名駅は孤立

## INTERVIEW 4.

## NAGOYA HOUSEWIVES

STORES AND CARDS ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	01 三越 栄店	02 三越 星が丘店	03 松坂屋 栄店	04 松坂屋 名駅店	07 丸栄	08 丸栄スカイル	09 ノバ	11 東急ハンズ	12 セントラルパーク	19 ダイエー 鳴子店	33 ユニー 新瑞店	36 アピタ 緑区店	CONSTRUCT ASSESSMENT 7
1	010307	地元	5	5	1	1	2	3	3	6	4	2	3	2	全国
2	03	場所は栄に近い	1	2	1	4	1	1	1	1	1	7	5	7	栄と離れている
3	03	陳列品は新しい	2	2	4	4	3	2	1	1	1	5	5	4	保守的陳列品
4	01	店員の印象が悪い	6	6	7	7	6	6	5	5	5	4	4	4	店員の印象がよい
5	01	名前が変更されていない	7	7	1	1	1	1	1	1	1	1	1	1	名前が変更
6	01	ミセス・アダルト向き	5	5	4	4	5	6	7	7	6	2	2	3	若者向き
7	03	呉服を売っている	6	4	7	4	6	1	1	1	1	1	1	1	呉服を売っていない
8	03	映画館と離れている	7	7	7	7	7	7	7	7	7	1	1	1	映画館の側
9	01	食堂街を利用する	1	2	1	3	4	1	7	5	6	7	7	5	利用しない
10	03	老舗意識が弱い	6	6	7	7	6	3	2	1	2	1	1	1	老舗意識がない
11	01	駐車所が利用しやすい	5	1	5	5	5	7	7	6	7	1	3	1	駐車所が利用しにくい
12	03	家具があまり揃っていない	6	4	7	4	6	1	1	1	1	1	1	1	家具が揃っている
13	03	クーポンが全て利用できる	1	1	1	1	1	7	7	7	7	1	7	7	クーポンが利用できない
14	07	関西にないので不便	7	7	7	7	1	1	1	1	7	7	1	7	関西にもあるので便利
15	080912	若向き	3	3	3	3	3	2	1	1	1	6	6	5	若向きではない
16	09	ブランド物は低価	7	7	7	7	7	7	7	5	5	1	1	2	ブランド物は高価
17	12	食料品もあり													バーゲン時は大人気
18	193336	スーパー	7	7	7	7	7	7	7	7	6	1	1	2	ファッション物が主
19	33	近い【自宅】	4	3	4	7	4	4	4	4	4	1	2	1	遠い
20	33	日用品のため	7	7	7	7	7	6	6	6	5	2	1	1	ちゃんとした品のデパート・贈答品
21	36	買いにくい	6	6	6	6	6	5	5	5	5	2	2	3	並べ方に上 が見られる
22	19	本文房具等もあるので、一応全部	1	1	1	1	1	5	5	5	2	2	2	2	その店だけ不足
23	19	商品券なし	7	7	7	7	7	1	1	7	1	7	1	1	商品券あり
24	36	駐車所が狭い	5	7	5	5	5	1	1	3	1	7	3	7	駐車場が広い
25	36	鮮魚がない	6	6	6	6	6	1	1	1	1	6	7	7	鮮魚がある
26	19	アフターケアが悪い	7	7	7	7	7	1	1	1	1	7	6	1	アフターケアが良い
27	020411	公共の交通の場所	1	4	1	1	1	1	1	1	1	1	2	7	車の方が行きやすい
28	11	物が少なく遊びやすい	2	1	2	1	2	2	3	7	6	1	2	2	物が多く遊びにくい
29	11	夢がなく楽しくない	5	5	5	5	5	5	5	7	6	1	1	2	夢がある楽しい
30	04	名駅と関係ない	4	4	4	7	4	4	4	4	4	1	1	1	名駅と利用する際、便利【食堂・お土産物】
31	02	映画館・ボーリングなし	7	7	7	7	7	7	7	7	7	1	1	1	映画館・ボーリングあり
32	11	商品の種類が少ない	6	4	6	4	6	4	4	7	5	1	1	1	1つの商品の種類が多い
33	11	プレゼント用品が少ない	7	7	7	7	7	6	6	7	6	2	1	1	プレゼント用品が多い
34	04	交通関係で利用しやすい													交通関係で利用しにくい
35	081136	ファッションものが良い													ファッション物が悪い
36	36	場所													??
37	36	夢がある													生活の物【食料品もある
38	11	店員サービス過剰(追従)	7	7	7	7	7	6	6	1	6	1	1	1	しない。
39	010219	*****	4	4	4	4	4	1	1	1	1	7	7	7	日用品
40	01	生鮮食料品													雑貨
41	01	近くの人に利用する	7	3	7	7	7	7	7	7	7	1	1	1	遠くの人にも利用する
42	19	営業時間が長い	7	7	7	7	7	7	7	7	2	1	1	2	営業時間が短い
43	19	従業員が多く、便利	5	5	5	5	5	5	5	4	4	7	7	6	パートが多く不明のこと
44	*	一般に商品の横の数字か値段は表しているのかイヤ	7	7	7	7	7	×	×	×	×	7	7	7	そういうことがない
45	*	通信販売【カタログ】あり	1	1	1	1	×	×	×	×	×	1	×	×	なし



## INTERVIEW 5.

## YOKOHAMA HIGH SCHOOL STUDENTS

STORE AND CARD⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	04 横浜高島屋	05 相鉄ジョイナス	06 岡田屋モアーズ	07 ビブレ21	08 ルミネ横浜	09 横浜そごう	10 ザ・ダイヤモンド	11 シアル	43 イトーヨーカ堂	44 西友二俣川	72 相鉄ライフ三ツ境	CONSTRUCT ASSESSMENT 7
1	040908	行きやすい	5	2	4	1	4	3	2	2	4	3	1	行きにくい
2	09	横浜駅から遠い	6	7	3	4	5	1	3	7	2	3	7	駅に近い
3	04	駅の西口												駅の東口
4	04	老舗っぽい	1	5	5	6	6	4	4	6	2	4	7	ヤング層に人気ニューっぽい
5	08	男だと、行きづらい	4	4	5	3	1	6	4	4	4	3	2	男でも行きやすい
6	100706	DCブランドが多い	3	6	2	4	2	1	7	4	7	5	4	DCブランドが少ない
7	06	友達とよく行く	7	1	5	1	5	5	6	1	7	6	4	めったに行かない
8	07	誰も知っている	1	6	5	2	5	1	6	6	1	1	3	知らない人もいる
9	10	利用に本屋のみ	5	2	7	7	3	6	1	4	5	5	4	他にも利用する
10	10	アイスクリーム店が人気	3	6	7	5	2	7	1	5	7	7	1	そのことではない
11	06	狭い感じ	6	6	2	5	2	7	3	2	2	2	5	広い感じしている
12	06	屋上に遊園地がある	1	1	1	7	1	1	7	7	4	1	7	ない
13	434472	利用頻度が高い〔暇を潰す〕	7	2	5	1	7	7	3	2	7	7	1	利用が少ない
14	72	電車を降りてすぐ利用できる	3	1	7	7	5	7	5	1	7	4	1	できない
15	44	若い女性がよく衣料を買う	3	4	2	1	2	3	6	1	7	7	4	主婦が利用する日常買物
16	44	西武が優勝する時に利用する	4	4	4	4	4	1	4	4	4	1	4	関係ない
17	72	ローカル系がある	7	1	3	7	4	7	1	1	7	7	4	全国チェーン
18	43	高校生が余り利用しない	2	2	2	1	3	4	4	1	5	4	1	利用する
19	080511	ブランドが多いので行きにくい												ノーブランド多く行きやすい
20	08	女性客が多く、男性が行きにくい												男性が行きやすい
21	11	ウィンドショッピングができる												できない
22	08	アベック、OLが多い	1	3	2	2	1	2	6	3	7	7	7	少ない
23	08	私鉄と関係がない	1	7	1	1	1	1	1	7	1	1	7	私鉄と一緒に利用できる
24	090744	大衆、伯母さん風	7	7	7	7	7	7	7	7	1	1	1	ツッカケで行けない
25	09	友達同士で入りにくい												そのことではない
26	09	TVKに映る可能性がある	4	7	4	4	7	1	7	7	7	6	6	可能性がない
27	09	全て揃っている	1	5	4	1	4	1	4	4	4	3	2	揃っていない
28	090772	レコード屋がない	7	7	1	1	7	7	7	7	7	7	1	レコード屋がある

INTERVIEW 6.

YOKOHAMA COLLEGE STUDENTS

STORE AND CARDS⇒			03 三越	04 横浜高島屋	06 岡田屋モーアズ	07 ビブレ21	08 ルミネ横浜	09 横浜そごう	10 ザ・ダイヤモンド	14 丸井伊勢佐木	65 ダイエー戸塚	66 西友戸塚	67 ユニー上倉田町	68 丸井戸塚	CONSTRUCT ASSESSMENT 7
No	CARDS USED	CONSTRUCT ASSESSMENT 1													
1	030407	洋服を買う	4	4	7	2	4	2	6	4	6	7	5	4	買わない ギフトを利用百貨店 ファミリー層が行く 売っていない 献血をしている 地上施設 あまり豊富でない 目的を持って行く 手軽に行ける
2	07	軽い買物新しい買物施設	6	7	6	1	2	4	2	1	2	2	2	1	
3	07	10才代のヤング層が行く	7	7	6	1	2	4	4	1	6	6	4	2	
4	03	素材を売っている	6	4	7	1	6	2	5	5	4	4	3	6	
5	04	店頭で献血をしない	7	1	1	7	1	1	1	1	1	1	7	1	
6	080910	地下街													
7	09	品揃えが豊富	4	2	5	4	4	1	4	5	3	4	3	5	
8	10	ブラブラと行くところ	7	7	7	3	3	3	2	6	6	7	4	3	
9	12	わざわざ遠出までして行かない													
10	12	古い建物	3	5	1	6	5	7	7	4	3	3	5	7	新しい建物 低価格から高価格の洋服がある パーキングが広い 駅から近い 平層ビルでショッピングしやすい 球団を持っている 屋上があって遊べる そういうことをしない
11	12	洋服なら高級でよい物がある	1	2	1	6	4	3	6	6	7	7	6	6	
12	65667	パーキングが狭い	1	2	1	1	1	6	1	1	7	2	6	3	
13	65	駅から遠い	3	6	3	4	7	6	7	6	1	3	5	7	
14	66	高層ビルでショッピングしにくい	1	1	1	1	1	1	7	2	7	2	7	1	
15	67	球団を持っていない	1	1	1	1	1	1	1	1	7	7	1	1	
16	65	屋上がない	7	7	1	1	1	7	1	1	1	7	7	1	
17	68	店員がすぐよってきて買わせる	6	6	6	5	6	7	7	1	7	6	6	2	
18	68	カードを作らせる	7	7	7	7	7	7	7	1	7	7	7	1	そういうことをしない 目を奪われない
19	68	チラシに目を奪われる	6	4	7	7	3	1	7	7	6	6	6	5	



## INTERVIEW 7.

## YOKOHAMA OFFICE LADIES

STORE AND CARD ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	STORE AND CARD ⇒										CONSTRUCT ASSESSMENT 7
			01 ダイエー 南幸	03 三越 北幸	04 横浜高島屋	05 相鉄ジョイナス	06 岡田屋モアーズ	07 VIVRE21	08 ルミネ横浜	09 横浜そごう	10 ダイヤモンド	12 横浜松坂屋	
1	030407	スーパーの感覚	1	6	7	4	4	3	5	7	2	6	大型店—スーパーではない
2	04	都会的	7	6	2	4	5	6	2	2	6	7	横浜としてローカルの
3	04	駅に近い	7	6	1	1	3	6	2	3	3	7	駅から遠い
4	07	新しい施設	6	7	7	5	5	2	2	1	7	7	老舗で、古い
5	07	ヤング層で対象である	6	6	7	3	2	2	1	7	5	6	子供から大人まで広い層が対象
6	07	低価格商品が多い	1	6	7	4	3	3	5	7	5	5	高級商品まで揃っている
7	07	立地環境はよくない	1	2	7	7	3	2	6	4	5	1	立地環境が比較的に良い
8	060809	百貨店											専門店街
9	09	高年齢層に親しまれている											ヤング層に人気がある
10	06	駅に近いけど、遠く気がする											駅から自然に足が流れる
11	09	買物空間が広い	6	5	2	3	3	6	3	1	4	4	比較的に狭い
12	09	異質な商品が多い	6	3	2	4	4	4	3	2	6	6	取扱商品が同じ
13	09	美術館がある	7	7	1	7	7	7	7	1	7	7	ない
14	010810	駅から遠い											駅に近い
15	01	庶民的	1	3	6	3	3	3	6	6	2	4	比較的に高級感覚がある
16	01	会社チェーン											専門店〔テナント〕の集合
17	10	飲食店階が多い	6	5	5	3	3	6	3	2	2	6	少ない
18	010510	鉄道会社の???として老舗	7	7	7	1	7	7	7	7	7	7	そうではない
19	01	書店がある	1	1	7	7	1	7	7	7	7	1	書店がない
20	01	駅から利用者が少ない	1	5	7	7	6	5	6	6	6	2	駅から利用者が多い
21	040912	斜陽化老舗	3	3	7	6	5	3	7	7	3	2	栄えている
22	09	横浜の新しい店											横浜の老舗
23	12	取扱商品がファッションアブルではない	1	5	6	5	6	5	6	6	4	3	ファッションアブル
24	12	建物が古い											建物が新しい
25	12	高年齢層の利用が多い											ヤング層が多い
26	12	地元の人々にとっては便利だ	2	4	6	6	5	6	6	7	4	2	地元の人々とは関係ない
27	12	横浜の人だけが利用する	1	2	5	2	4	4	3	7	2	2	東京の人も利用する

## INTERVIEW 8

## YOKOHAMA SARARIMAN

STORES AND CARDS⇒

STORES AND CARDS⇒			03 三越	04 横浜高島屋	05 相鉄ジョイナス	06 岡田屋モーアズ	08 ルミネ横浜	09 横浜そごう	24 イトーヨーカ堂	26 ダイエー 上大岡	27 三越 上大岡	29 高島屋 港南台	30 ダイエー 港南台	31 京浜電鉄 上大岡	
No	CARDS USED	CONSTRUCT ASSESSMENT 1	北幸									港南台	港南台	上大岡	CONSTRUCT ASSESSMENT 7
1	030409	駅の近く	2	1	1	2	2	3	5	5	3	3	3	1	駅から遠い
2	03	店名「横浜」がつかない													店名に「横浜」がつく
3	09	東口													西口
4	09	創業が新しい	7	7	5	3	1	1	4	5	7	7	5	5	創業が古い
5	09	店名にわかりやすいー平仮名がつく													漢字しかつかない
6	09	年齢層が若い	5	5	2	1	1	3	4	4	5	5	5	5	年齢層が高い
7	09	ギフトに利用しない	7	7	1	1	1	7	1	1	7	7	1	1	ギフトに利用する
8	04	知人が従業員	×	1	×	×	×	1	×	×	×	×	×	×	いない
9	272930	港南台でない													港南台にある
10	30	スーパーのイメージ	7	7	4	4	4	7	2	2	7	7	2	2	百貨店のイメージ
11	30	安っぽい	7	7	4	5	3	6	1	1	7	7	1	1	高級なイメージ
12	30	食料品が中心	7	7	7	7	7	7	1	1	7	7	1	3	衣料中心のイメージ
13	050608	女性客が少ない	5	5	5	6	7	6	5	5	4	4	6	5	女性の客が多い
14	08	新しい店													古い店
15	06	駅と連続していない	7	7	7	7	7	7	1	1	1	1	1	7	駅と連続している
16	08	東口													西口
17	05	若層が広い	1	1	7	7	7	1	1	1	1	1	1	1	**がヤング中心
18	242631	総合的	2	2	3	3	3	2	3	3	4	4	2	2	食料品が中心
19	24	品揃えが広い	2	2	3	3	3	2	3	3	4	4	2	2	品揃えが少ない
20	31	駅前													駅から遠い
21	24	地下がない	7	7	7	7	7	7	1	7	7	7	7	7	地下がある
22	24	時間帯が日中中心	4	4	6	7	7	6	4	4	4	4	4	6	時間帯が夕方
23	040629	港南台													西区に存在
24	06	ヤング層が多い													ヤング層が少ない
25	06	ギフト・プレゼントを買う	7	7	3	2	2	5	2	2	7	7	2	3	お中元・お歳暮に利用する
26	06	バーゲンの時客が並んでいる	7	7	1	1	1	4	7	7	7	7	7	7	バーゲンの時客が並ばない
27	06	新しいイメージ													老舗
28	29	集客力が小さいー人数が少ない	7	7	7	7	7	7	4	4	5	5	6	5	集客力が大きい
29	080930	建物が汚い	7	7	4	7	7	7	4	3	6	7	3	1	建物がきれい
30	30	車で利用する客が多い	6	7	6	7	6	3	3	4	4	2	2	7	車で利用する客が少ない
31	30	小会社を吸収した	×	×	×	×	×	×	×	1	×	×	1	×	していない
32	30	企業でスポーツ**	×	×	×	×	×	×	2	1	×	×	1	×	していない



## INTERVIEW 9.

## YOKOHAMA HOUSEWIVES

STORES AND CARDS⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	01 ダイエー 南幸	03 三越 北幸	04 横浜高島屋	05 相鉄ジョイナス	06 岡田屋モアーズ	08 ルミネ横浜	09 横浜そごう	12 松坂屋 伊勢佐木	44 西友 二俣川	48 相鉄ローゼン 泉	68 丸井 戸塚	71 忠実屋 三ツ境	CONSTRUCT ASSESSMENT 7
1	040309	横浜駅東口													西口
2	03	イメージダウン	3	2	3	4	3	3	6	1	4	4	4	4	イメージアップ
3	09	買物空間が広い	5	3	3	4	4	4	1	6	5	7	3	2	買物空間が狭い
4	09	新しい建物	5	6	5	4	6	3	1	7	4	3	1	5	古い建物
5	04	駅に近い、便利	4	3	1	1	3	2	3	7	2	1	1	3	駅に遠い、不便
6	09	美術館がある	7	7	7	7	7	7	1	7	7	7	7	7	美術館がない
7	03	めったに行かない、慣れていない	2	2	5	3	1	1	6	1	5	7	2	6	よく行く
8	03	フロアで品物をよく分かる	6	6	3	6	7	7	6	7	2	1	5	4	フロアが分からない
9	03	品揃えが少ない	3	6	7	5	6	4	7	5	3	1	4	3	品揃えは豊富
10	03	カードを利用していない	1	1	7	1	1	1	7	1	3	1	1	1	カードを利用している
11	09	物を探すのに時間がかかる	5	1	3	6	1	1	1	1	3	7	4	3	時間がかからない
12	09	カタログ販売を利用してる	1	1	7	1	1	1	1	1	1	1	1	1	利用していない
13	04	商品券を利用する	7	1	1	7	7	7	7	1	7	7	7	7	利用しない
14	010806	ヤング向け	4	6	5	3	1	2	5	6	4	7	1	4	大人・社会人向け
15	06	レストランを利用する	6	3	1	1	1	1	3	7	1	7	4	6	レストランを利用しない
16	06	ウィンドショッピングをしない	1	3	2	5	2	1	2	1	5	1	1	5	ウィンドショッピングする
17	06	食料品売り場が少ない	7	3	3	2	1	1	4	2	6	6	5	7	多い
18	06	単独店舗である	2	3	3	7	3	7	3	2	3	1	3	2	専門店も入っている
19	050901	庶民的	1	6	7	3	5	6	7	6	1	1	4	1	高級イメージ
20	05	駅から近くて便利													遠く、不便
21	01	病院がない	1	×	×	×	×	×	×	×	1	×	×	×	病院がある
22	09	カルチャーセンターがある	7	7	7	7	7	1	1	7	7	7	7	7	ない
23	01	利用しやすい													利用しにくい
24	09	利用したことがある													利用したことがない
25	01	スーパー													専門的もある
26	041268	老舗ではない	5	7	6	4	6	2	6	7	4	1	6	6	老舗である
27	12	暗くて、活気がない	4	2	6	4	3	4	7	1	4	4	6	4	明るく、活気がある
28	68	ヤング向け													大人向け
29	12	共通の商品券がある	7	7	1	7	7	7	7	1	1	1	7	7	共通のがない
30	444871	めったに行ったことがない													利用回数が多い
31	44	車では混むから行かない	1	1	1	1	1	1	1	1	5	7	1	7	車では利用する
32	71	スーパーと、品数が多い	3	4	4	4	4	4	4	4	2	7	4	1	少ない
33	48	品揃えが少ないが、よく利用する													品揃えが多いが、利用しない
34	48	純粋なスーパーである													スーパーと専門店
35	48	地元の人が多く利用する	4	5	6	4	4	4	7	2	3	1	3	2	地元の人とは限らなく利用する
36	**04	土・日に買物きゅく多い	3	4	1	3	3	3	1	7	2	1	4	2	特別に多くない
37	**71	名前が古くさい	4	1	2	3	4	6	4	1	4	5	3	1	名前が老舗になる
38	**03	天井が低くて圧迫感を感じ	4	1	6	2	3	3	7	1	5	2	6	6	感じない

STORES AND CARDS ⇒

STORES AND CARDS ⇒			01 丸井	02 伊勢甚	03 京成	04 ローズランド	05 サントピア	06 EXCEL	07 西武	08 ダイエー	10 ユニー	
No	CARDS USED	CONSTRUCT ASSESSMENT 1										CONSTRUCT ASSESSMENT 7
1	020307	映画館がない	1	1	1	1	7	1	7	1	1	映画館がある
2	07	駅から離れている	7	1	1	6	4	7	6	4	3	駅の側
3	03	ファーストフードがある	7	1	7	1	7	1	1	1	7	ファーストフードがない
4	010508	食料品が売っている	7	1	1	7	7	1	1	1	1	食料品が売っていない
5	05	駐車所がある	1	1	1	1	7	1	1	1	1	駐車所がない
6	08	DCブランドが多い	1	6	6	7	1	3	2	7	7	DCブランドが少ない
7	08	若者が多い	1	6	6	1	1	3	4	6	6	若者が少ない
8	08	値段が高い	1	2	2	6	1	2	1	6	7	値段が安い
9	08	カードがある	1	7	1	7	1	1	1	1	1	カードがない
10	01	エスカレーター上下があり	7	1	1	1	1	1	1	1	1	下りは階段しかない
11	08	エレベーターが使いやすい	6	3	3	1	6	1	4	6	6	エレベーターがわかりにくい
12	01	食堂がある	7	1	1	1	1	1	1	1	1	食堂がない
13	010506	若向きの衣料品が多い	1	6	6	3	1	5	5	4	4	若向きの衣料品が少ない
14	01	雑貨品が多い	7	3	3	2	6	1	2	1	1	雑貨品が少ない
15	06	利用しにくい	2	2	2	6	5	7	4	6	3	利用しやすい
16	06	店員がよく寄ってくる	1	6	6	2	1	6	2	7	7	店員が寄ってこない
17	06	通学のついで利用しにくい	7	1	1	6	4	7	6	4	3	通学のついで利用しやすい
18	040710	学校からの帰りに利用しにくい										学校から帰りに利用しやすい
19	04	食料品売り場がある										食料品売り場がない
20	07	ゲームセンターがある	7	1	7	1	1	1	7	1	1	ゲームセンターがない
21	10	服がファッションアブル	1	4	4	4	1	3	2	6	7	服がダサイ
22	10	包装がまあまあ	1	2	2	1	1	1	1	7	7	包装が変【ビニール袋】
23	10	店頭で100円市がある	1	1	1	1	1	1	1	7	7	店頭で100円市がない
24	020810	庶民的【安っぽい】	7	6	6	4	7	6	7	2	1	値段が高い
25	02	物産展が少ない	1	7	7	1	1	1	7	7	6	物産展・イベントが多い
26	02	庶民的な客	4	6	6	4	4	2	4	2	1	しゃれたお婆さんに行く
27	010203	利用する若者の人数が少ない	7	6	6	7	3	7	7	3	2	利用する若者の人数が多い
28	01	お互いの場所が近い	1	1	1	1	3	1	1	3	3	お互いの場所が遠い
29	01	繁華街と離れている	7	6	6	7	3	7	7	3	2	繁華街に近い
30	01	競争的【ライバル】										非競争的
31	01	相互に立ち寄る										離れている
32	***	雰囲気違う	2	5	5	5	2	5	4	6	6	違わない
33	***	トイレがきれい	1	5	5	7	1	1	1	7	7	トイレが汚い



INTERVIEW 11.

MITO COLLEGE STUDENTS

STORES AND CARDS⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1												CONSTRUCT ASSESSMENT 7
			01 丸井	02 伊勢甚	03 京成	04 ローズランド	05 サントピア	06 EXCEL	07 西武	08 ダイエー	10 ユニー	18 長崎屋	19 鶴屋	
1	020307	百貨店	2	4	1	3	3	4	1	7	7	7	4	スーパーのフロアが大きい
2	02	若者っぽい	1	6	6	2	1	4	5	4	4	4	4	とっぽい
3	07	ワンパターンの似ている	5	1	1	6	6	5	6	1	1	7	7	変わっている
4	02	中の上レベル	2	5	3	4	2	2	2	7	7	7	4	一般の人
5	010405	カードで買物する	1	6	6	6	2	3	3	7	7	7	7	現金で買物する
6	04	高い	3	5	3	4	3	3	2	7	7	7	4	安い
7	04	商品が高級	2	4	3	4	2	4	1	7	7	7	6	商品は高級ではない
8	04	広い	6	1	2	6	3	2	1	2	2	3	5	狭い
9	04	バーゲンで並ぶ	1	7	7	5	1	4	6	7	7	7	7	バーゲンでも並ばない
10	04	有名のブランドが多い	1	5	3	4	1	4	2	7	7	7	4	ブランドが少ない
11	01	特に女性の客が多い	4	2	2	2	2	3	4	2	2	2	4	女性の客は特に多くない
12	04	商品数が多い	5	2	2	5	5	5	2	1	2	6	4	商品が特に多くない
13	081011	品揃えは多い	5	3	3	5	5	4	1	2	3	5	6	悪い
14	081018	商品の種類が多い												一般のスーパーだけ
15	08	テレビのCMが少ない	7	1	1	1	1	1	7	7	1	1	1	テレビのCMが多い
16	08	名前が全国に通っていない	7	1	1	7	1	1	7	7	6	6	1	名前が全国に通っている
17	020419	ブラブラで見る	5	6	6	4	4	2	3	5	5	7	7	目的で買いに行く
18	010306	若そう												年上の人
19	03	ファッション関係の衣料品	1	7	7	2	1	2	7	7	7	7	7	一般の雑貨
20	03	駅前の近い	1	5	5	1	3	1	1	3	4	7	3	駅の遠い
21	03	食事する場所が少ない	1	2	2	3	2	6	6	5	5	1	2	食事する場所が多い
22	050708	全国-野球												地元
23	08	イメージは百貨店・高級												イメージはスーパー 安い
24	05	一人通りの特に揃っている												ファッション関係が多い
25	05	子供連れ、家族	7	2	2	7	7	6	3	1	1	5	5	カップルで行く
26	05	PB店のブランドが多い	7	3	7	7	7	7	2	1	3	7	7	PB店のブランドが少ない

## INTERVIEW 12.

## MITO OFFICE LADIES

STORES AND CARDS ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	STORES AND CARDS ⇒								CONSTRUCT ASSESSMENT 7
			01 丸井	02 伊勢甚	03 京成	04 ローズランド	06 EXCEL	07 西武	08 ダイエー	10 ユニー	
1	020306	駅の中にある	1	1	1	1	7	1	1	1	駅の中にある
2	02	ブランドものが入っている	2	3	2	5	1	1	7	6	ブランド物が入っていない
3	06	昔からあって人に馴染んでいる	2	1	1	3	5	7	4	4	新しく、人に馴染んでいない
4	06	場所は泉町	7	1	1	7	7	7	7	7	泉町ではない
5	02	食料品が充実していない	1	7	3	1	2	6	6	6	食料品が充実している
6	06	店員の制服が決まっている	1	1	1	7	7	1	1	1	制服が決まっていない
7	06	飲食店が少ない	2	4	3	5	7	2	3	3	飲食店が多い
8	010407	映画館がない	1	1	1	1	1	7	1	1	映画館がある
9	01	下りのエスカレーターがある	7	1	1	1	1	1	1	1	下りのエスカレーターがない
10	04	専門店以外入っている	1	1	1	7	7	1	1	1	専門店しか入っていない
11	07	フロアの面積が狭い	2	7	6	1	5	6	6	6	フロアの面積が広い
12	07	一階からしか入れない	1	7	1	1	7	7	1	7	一階以外から入りできる
13	07	前からある	2	1	1	2	6	7	3	3	最近デパートになった
14	07	食料品がない	1	7	7	1	6	7	7	7	食料品がある
15	04	DCブランドがある	2	3	2	5	1	1	7	6	DCブランドがない
16	04	各階にはレストランがない	1	1	1	7	1	1	1	1	各階にレストランがある
17	060810	関西系のスーパーになる	7	7	7	7	7	7	1	1	スーパーではない
18	06	安い	7	6	6	4	5	6	1	1	比較的に高い
19	06	客層が限られている	2	4	4	2	3	3	7	7	庶民的
20	06	場所が中途半端	6	4	4	6	7	6	2	2	場所が良い
21	06	ついでに寄れない	6	6	6	6	7	6	2	2	ついでに寄れる
22	020810	衣料品を買う	4	2	2	6	2	3	6	5	衣料品とあまり買わない
23	02	安い									高い
24	02	商品券がない	4	7	7	1	7	7	4	4	商品券がある
25	02	服のセンスが悪い	5	5	5	4	6	5	2	3	服のセンスが良い
26	030410	フロアが広い									フロアが狭い
27	04	音楽関係の品が充実していない	1	2	1	7	6	5	4	4	音楽関係の品が充実している
28	04	駅から遠くて行きにくい	6	2	2	6	7	6	4	3	駅に近くて便利
29	04	食料品の売り場がある									食料品の売り場がない
30	10	ギフト用高級品が多い	4	7	2	4	2	4	7	7	日常利用する食料品が多い
31	10	高い									安い
32	10	高級品の印象がある	2	2	2	4	3	2	7	6	高級品の印象がない
33	04	催し物がある	7	1	1	2	1	1	2	2	催し物がない
34	020307	駅から遠い									近い
35	07	水戸の人に馴染みが深い	2	1	1	3	5	7	4	4	水戸の人に馴染みが薄い
36	07	それほどでもない	6	5	5	4	7	7	2	2	オシャレなイメージがある
37	07	映画館がない									映画館がある
38	02	ブランド物が多い									ブランド物が少ない
39	03	日常食料品がある									日常食料品がない
40	07	プレゼント用の商品									歳暮・中元用
41	07	中元などの商品と買う	7	1	1	7	5	2	5	5	買わない



INTERVIEW 13.

MITO SARARIMAN

STORES AND CARDS⇒			02	03	05	06	08	10	11	18	23	22	01	04	07	
			伊勢基	京成	サントピア	EXCEL	ダイエー	ユニー	ジャスコ 石川	長崎屋	ジョイフル DIY	ディリーストア	丸井	ローズランド	西武	
No	CARDS USED	CONSTRUCT ASSESSMENT 1														CONSTRUCT ASSESSMENT 7
1	020308	食料品が多い	5	6	7	6	2	4	2	7	7	1	7	7	6	衣料品が多い
2	02	地元ではない	7	5	5	6	1	1	1	1	7	7	1	1	1	地元
3	03	大衆的	5	6	7	6	1	2	3	1	1	1	5	4	7	高級
4	08	会社はお金持ち	4	6	5	1	1	3	2	5	2	3	1	3	1	会社はお金持ちではない
5	03	スーパー形	5	7	7	7	1	1	1	1	1	1	7	7	6	百貨店・他
6	050611	高校生と人気がある	7	7	1	1	4	4	6	7	4	6	1	1	1	高校生と人気がない
7	11	町の中心	1	1	1	1	1	1	7	7	7	7	1	1	1	町の郊外
8	11	テナントに中心	7	7	1	1	7	7	5	7	7	7	5	1	7	テナントが少ない
9	05	駐車場を持っている	1	1	7	1	5	2	1	1	1	1	7	5	1	持っていない
10	101822	店員が少ない貰わない	7	7	7	6	5	4	2	1	3	1	7	5	5	店員が多い
11	111823	高い	5	1	1	1	7	6	6	5	6	6	4	6	1	安い
12	23	品数がよい	2	3	3	3	1	3	2	4	2	3	2	6	2	品数がよくない
13	030522	いい物が扱っている														いい物が扱っていない
14	05	女性用が多い	4	4	1	1	2	3	3	7	7	2	3	4	4	女性用が少ない
15	22	経営は銀行の資本で														銀行資本ではない
16	**	お歳暮	1	1	7	7	4	4	4	4	4	4	7	7	4	プレゼント用
17	020810	店のブランドが多い	2	2	7	7	1	3	3	4	4	3	6	7	2	店のブランドが少ない
18	**	足で行く	5	5	3	4	2	2	7	7	7	7	2	2	5	車ですぐ入れる
19	030506	映画館がある	7	7	1	7	7	7	7	7	7	7	1	7	7	映画館がない
20	05	流行っているブランド	4	4	1	1	7	7	7	7	7	7	1	7	1	流行っていない

Note: The final three stores were not used for construct elicitation, but were added at the store assessment stage of the interview.

INTERVIEW 14.

MITO HOUSEWIVES

STORES AND CARDS ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	STORES AND CARDS ⇒								CONSTRUCT ASSESSMENT 7
			02 伊勢甚	03 京成	09 田原屋	08 ダイエー	10 ユニー	11 ジャスコ石川	18 長崎屋	22 デイリーストア	
1	020308	デパート	1	1	4	3	2	5	7	7	スーパー
2	03	高級ではない	5	7	3	4	5	4	3	4	高級
3	08	老舗	1	3	3	5	4	6	7	7	新しい
4	08	地元	1	2	2	7	7	5	7	1	他所
5	02	単独	7	5	1	7	4	7	4	1	チェーンもある
6	091022	そうではない	3	3	1	4	4	4	1	7	食料品に中心
7	09	多くの品揃え	1	1	7	1	1	1	5	5	衣料品だけ
8	09	新しい									古い
9	22	中心部の商店街	1	1	1	1	1	7	6	6	郊外型立地
10	22	遠くから来る	1	1	1	1	1	2	7	7	地域の人だけ
11	081011	車で不便	4	4	1	2	3	7	7	7	駐車所が利用しやすい
12	08	店は独自の品揃えではない	3	3	1	7	6	5	3	3	独自の高品が多い
13	11	色々のブランドが多い									いろいろなブランドが少ない
14	020911	同じ系列									独自のグループ
15	02	高い	4	2	7	6	5	6	4	7	安いこともあるー安売り
16	09	そうでもない	4	2	7	5	5	6	4	1	衣料品の値引きがない
17	09	たかろう、よかろう									やすかろう、わるかろう
18	09	サイズが表示されてない									サイズが表示されている
19	09	慣れている	1	1	1	3	3	3	2	1	慣れていない
20	02	プライドが高い	3	1	6	5	4	5	5	6	プライドが低い



INTERVIEW 15.

NAGANO HIGH SCHOOL STUDENTS

STORES AND CARDS ⇒			01	02	A	03	05	06	09	19	20	21	40	
			長野そごう	東急百貨店	シエルシェ	ウォーク	C1	ミドリ駅ビル	イトーヨーカ堂	ダイエー	長崎屋	ハウディ西武	マシヤ	
No	CARDS USED	CONSTRUCT ASSESSMENT 1	CONSTRUCT ASSESSMENT 7											
1	010209	高い	4	1	4	5	5	3	6	6	7	3	7	安い
2	01	若者向けの服	6	5	1	2	2	1	5	5	7	4	7	年を取った服
3	02	プレゼント用物が少ない	2	1	7	1	3	2	1	1	1	1	1	多い
4	09	高級	2	1	3	5	5	5	7	7	7	2	7	庶民的
5	09	ある服で入りできない	2	1	1	2	1	1	6	6	7	3	7	着替えるでパッと行ける
6	01	高校時代で行かなくなった	1	1	7	6	7	7	7	3	4	1	7	まだ行く
7	030506	有名ブランドも多い	2	2	1	1	2	2	7	7	7	2	7	少ない
8	全	行く頻度が多い	7	7	1	2	2	1	1	6	6	7	1	少ない
9	03	モダン名前	7	5	1	2	2	1	3	6	7	1	6	名前はダサイ
10	06	レコードを買いにいく												買いにいかない
11	03	文房具を買いにいく												買いにいかない
12	03	服のみの専門店	4	6	6	3	3	7	7	7	7	1	2	総合的な店
13	03	食事するといいいところ	7	3	7	7	4	1	1	7	5	7	7	よくない
14	192140	食料品がいい	7	2	1	1	1	1	1	5	3	7	1	食料品がよくない
15	21	高校生として入りやすい												入りにくい・通らないので
16	19	長野県で支店が多い	7	7	7	5	7	7	1	7	7	4	1	支店が少ない
17	40	家に近い	7	2	2	3	2	2	1	6	6	7	1	遠い
18	A0620	ほしいと思う物が少ない	1	1	7	6	6	7	6	2	1	1	5	高校生が欲しい物がある
19	20	目的があるとしか行かない	1	2	7	6	6	7	5	1	1	1	1	目的なしでも行く
20	091940	利用しやすいー近いので												遠く利用しにくい
21	40	若い人が多い	7	3	1	1	1	1	2	3	7	5	4	少ない
22	0206A	高すぎるので利用しない	1	1	2	4	4	3	7	7	7	1	7	高すぎない
23	02	伝統がある感じをする	1	1	7	4	7	7	2	2	1	5	1	感じしない
24	02	新しい感じ	6	2	1	2	2	1	5	6	7	1	3	古い感じ
25	02	中学生から大学生までの現代の人	7	7	1	2	2	1	6	4	7	4	4	子供と大人が多い
26	02	明るいイメージ	7	5	1	2	2	1	2	6	7	4	3	暗いイメージ
27	02	両親と一緒に行く	1	1	7	7	7	7	3	1	5	6	4	友達と行く

INTERVIEW 16.

NAGANO COLLEGE STUDENTS

STORES AND CARDS ⇒

STORES AND CARDS ⇒			01 長野そごう	02 東急百貨店	A シエルシェ	03 ウォーク	05 C1	06 ミドリ駅ビル	09 イトーヨーカ堂	19 ダイエー	21 ハウディ西武	20 長崎屋	33 あおぞら	
No	CARDS USED	CONSTRUCT ASSESSMENT 1												CONSTRUCT ASSESSMENT 7
1	010203	百貨店ー総合的な店	3	1	7	7	7	7	2	1	7	4	4	専門的ーファッションだけ
2	01	DCブランド集中が良い	7	1	3	2	3	5	6	7	7	7	7	良くない
3	01	10才代ー20才代	7	5	1	1	1	1	4	4	4	4	7	おばさんっぽくー30才代+
4	091921	安いイメージ	7	7	7	5	4	4	2	2	6	2	1	高いイメージ
5	21	専門的な品物ー単品												いろんな物
6	21	品揃えが多い	5	4	1	4	4	2	1	1	1	3	3	品揃えが少ない
7	21	利用する頻度が多い	7	5	1	5	5	2	4	3	7	4	7	利用する頻度が少ない
8	21	建物がきれい	5	4	1	3	4	1	1	2	1	7	7	建物が汚い
9	21	オシャレな感覚	5	1	1	3	2	1	6	4	3	3	7	家庭的な感覚
10	052033	町の中心	4	1	1	3	3	2	5	5	3	6	7	中心と離れている
11	05	商品が安い												商品が高い
12	05	田舎っぽい	4	7	7	5	5	6	2	3	6	1	1	都会的
13	05	衣料に集中												生活関連物に集中ー雑貨
14	020619	食品に集中												食品が少ない
15	02	高級っぽい	1	1	1	4	5	4	5	5	2	6	7	普通に利用できる
16	02	楽ー入りやすい	7	6	1	1	1	1	1	1	3	1	1	入ると緊張する
17	030506	自分の好きなブランド・テナントが多い	7	3	1	2	2	5	7	7	7	7	7	少ない
18	06	ビルが古い												ビルが新しい
19	06	ビルが暗い	1	3	7	2	2	7	7	7	7	2	2	ビルが明るい



INTERVIEW 17.

NAGANO OFFICE LADIES

STORES AND CARDS ⇒

STORES AND CARDS ⇒			01 長野そごう	02 東急百貨店	03 ウォーク	05 C 1	06 ミドリ駅ビル	09 イトーヨーカ堂	19 ダイエー	20 長崎屋	23 西友 中川島	43 マツヤ 中川島	44 マツヤ 若里	
No	CARDS USED	CONSTRUCT ASSESSMENT 1												CONSTRUCT ASSESSMENT 7
1	010319	食品が多い	4	1	7	7	5	2	2	5	2	2	3	食品が少ない
2	03	家庭製品が扱っている												家庭製品が扱っていない
3	03	家族的	1	3	7	7	7	1	1	1	1	1	1	若者向け
4	190302	利用する頻度が少ない	2	6	4	3	5	3	4	4	3	4	3	利用する頻度が多い
5	02	欲しいものが少ない	1	5	3	3	5	2	2	1	3	3	3	欲しい物が多い
6	02	衣料品の買物が多い	7	3	2	3	2	3	3	3	4	4	1	衣料品の買物が少ない
7	02	本当のスーパー												売り場はコーナーに分けてる
8	010506	ブティックが多い	5	1	4	1	5	4	7	7	7	7	7	ブティックが少ない
9	01	百貨店の感じ	1	1	7	7	7	1	1	4	7	7	7	スーパーの感じ
10	06	目的があって行く												目的がなくても行く
11	06	電車を降りると見に行く												わざわざ行く
12	06	よく慣れている	5	2	4	4	3	5	4	5	5	5	4	あまり慣れていない
13	091923	近所なので利用する												近所ではない
14	23	行きやすい感じ	6	2	1	3	1	3	3	4	3	3	3	行きにくい感じ
15	**	庶民的	4	3	5	5	6	1	2	1	1	1	1	高級
16	010203	若者向けの別館がある												別館がない
17	**	行きやすい												行きにくい
18	**	一人でも入りできる												一人で入りできない感じ
19	**	暗い感じ	4	7	5	7	7	5	5	4	6	6	7	明るい感じ
20	**	天所が低く感じする	2	7	5	5	5	6	5	4	6	6	6	天所は充分高く感じする
21	**	広い面積	5	1	4	5	3	1	3	5	7	7	6	狭い
22	**	駐車所が広い	6	2	7	7	1	1	3	7	1	1	3	駐車所が狭い

## INTERVIEW 18.

## NAGANO SARARIMAN

STORES AND CARDS ⇒

No	CARDS USED	CONSTRUCT ASSESSMENT 1	01 長野そごう	02 東急百貨店	03 ウォーク	05 C 1	06 ミドリ駅ビル	09 イトーヨーカ堂	19 ダイエー	20 長崎屋	21 ハウディ西武	CONSTRUCT ASSESSMENT 7
1	010203	長野駅前	5	1	3	1	1	7	6	4	4	駅と離れている
2	03	百貨店										ファッションビル
3	03	長野の地元	6	7	3	1	1	7	7	6	7	どこでもあるという感じ
4	01	若者が入りやすい	5	1	1	3	1	1	1	2	2	若者が入りにくい
5	01	若者文化を作っている	7	1	1	2	2	4	4	6	3	老舗・会社
6	03	ファミリー連れ	3	5	7	7	6	1	1	1	3	友達同士
7	03	駐車所が分かりやすい	3	1	7	7	2	1	6	7	7	わかりにくい
8	050609	テナント集まりビル	7	4	1	1	1	4	7	6	7	単独の店
9	09	食料品が多い	4	3	7	7	6	2	2	3	1	食料品が少ない
10	09	生活館がある	5	3	7	7	5	1	1	2	2	生活館がない
11	09	お母さん・お父さん連れ	1	4	7	7	5	1	1	1	5	彼女・友達つれ
12	05	どこかの駅の側	5	1	3	1	1	1	4	4	4	駅と離れている
13	05	若者ターゲット	7	7	2	1	4	7	7	7	5	子供から大人まで
14	09	店員がユニフォームがない	7	7	1	1	1	7	7	7	7	ユニフォームがある
15	091920	雰囲気か明るい	7	1	3	3	1	2	3	6	3	雰囲気か暗い
16	09	駐車所が広い	4	1	7	7	2	1	2	6	7	駐車所が狭い
17	09	県内1店しかない										他所にもある
18	20	CM〔TV+ラジオ〕よくする	5	1	6	5	3	1	1	4	5	CMをあまり見ない
19	20	伸びている企業	6	1	3	4	3	1	1	7	3	伸びていない企業
20	19	球団を持っている										球団を持っていない
21	20	目的があると行く	1	7	4	1	5	3	3	1	1	目的がなくても行く
22	020609	何でも揃っている感じ	5	4	7	7	5	1	1	3	7	専門的な品揃え
23	09	高品質のものを揃っている	2	1	3	4	2	5	6	6	2	高品質のものじゃない
24	09	子供の遊びところがある										子供の遊びところがない
25	09	カードをよく使う	1	1	1	5	7	7	7	7	7	現金をよく使う
26	011920	食品だけ										いろんな物
27	19	バーゲンをよくする	6	5	4	3	3	1	1	3	7	安くなっても高い感じ
28	21	専門的な食品	4	4	4	1	2	7	7	7	1	日常的な食品
29	21	商圏が広い	2	1	2	3	2	1	1	3	6	遠くから顧客が来ない
30	21	ウィンドショッピングがいい	7	1	3	4	2	3	3	6	1	ウィンドショッピングが悪い
31	21	見るだけでも楽しい										見ると楽しくない
32	**	女性の方が入りやすい	3	3	2	1	3	4	4	4	2	男性の方がはいりにくい



## INTERVIEW 19.

## NAGANO HOUSEWIVES

STORES AND CARDS ⇒

STORES AND CARDS ⇒			01 長野そごう	02 東急百貨店	03 ウォーク	06 ミドリ駅ビル	09 イトーヨーカ堂	19 ダイエー	21 ハウディ西武	23 西友 川中島	46 マル井	
No	CARDS USED	CONSTRUCT ASSESSMENT 1										CONSTRUCT ASSESSMENT 7
1	010209	デパート	1	1	3	3	7	5	3	7	3	スーパー
2	02	よく利用する	4	1	5	1	2	1	4	2	6	時々しか利用しない
3	01	食料品が多い	4	3	7	4	1	1	3	1	7	食料品が少ない
4	02	すぐ行ける感じがする	1	1	2	1	1	1	1	1	4	行きにくい感じ
5	01	駐車所が入りやすい	3	2	4	1	1	3	4	1	1	駐車所が入りにくい
6	01	駐車所が怖い	3	7	3	7	7	4	3	7	7	駐車所は怖くない
7	02	全体的に商品が高級	2	1	2	3	7	7	1	7	4	全体的に商品が普通
8	02	地元的	1	5	1	4	7	7	4	1	1	全国的
9	01	伝統的の老舗	1	1	1	7	5	5	6	3	4	新しい店
10	01	陳列が悪い										陳列が良い
11	212346	高い	2	1	2	5	7	7	2	7	4	安い
12	21	行きやすい										行きにくい
13	21	広告がきれい	2	2	1	1	4	4	3	4	4	広告がきれいではない
14	21	広告が見やすい										広告が見にくい
15	21	抵抗点があって利用しない										抵抗点がない
16	21	イメージがよいので利用する	3	3	3	3	7	7	5	7	4	日常的に利用する
17	21	輸入品が多く手に入りやすい										輸入品は少ない
18	020306	若者が嗜好しやすい	3	3	2	1	7	7	3	7	6	大人が利用しやすい
19	02	いろんな店がある										単独の店しかない
20	02	入りやすい										入りにくい
21	03	好きな商品があるので利用する										一般で利用する
22	02	ブラブラで見やすく楽しい	1	1	1	1	3	3	6	3	7	目的がないと楽しくない
23	02	家族連れ										友達連れ
24	02	女性が多く使う	4	4	1	3	5	5	2	5	4	男性が多く使う
25	091923	駐車所が辛い										駐車所が簡単
26	23	食品しかない										色々ある
27	19	非食品が安く利用する										安くない
28	19	慣れている	6	1	5	3	3	2	4	2	6	慣れていない
29	19	全国ネットワークから便利										チェーンが少ない
30	**	他所に送ると便利	1	1	7	5	2	1	4	2	7	そういうサービスがない
31	02	お歳暮・お中元のため良い	2	1	7	6	4	2	3	4	7	良くない

## APPENDIX 3

EXAMPLES OF THE JAPANESE QUESTIONNAIRES EMPLOYED IN THE SURVEY



問1. この質問は名古屋の店に対してあなたのご意見を1から5までの数字でお願いするものです。また、Gの欄にはあなたが一番よく知っている大型スーパーの名前をご記入下さい。Hらんにはあなたが理想的だと思いいく大型店のイメージをO(マル)を付けて下さい。数字の意味は次のとおりです。店ごとに適当に選んで、O(マル)を付けて下さい。

- 1=非常にそう思う
- 2=かなりそう思う
- 3=そう思う
- 4=どちらとも言えそう思わない
- 5=全然そう思わない

あなたが一番よく利用する大型スーパー  
名前: \_\_\_\_\_  
場所: \_\_\_\_\_  
このスーパーは以下「G」になります

	*例*	A	B	C	D	E	F	G	H	私の理想店
	〇〇店	松坂屋 栄店	三越 栄店	丸栄 栄	セ バ ン ク 栄	名 鉄 メ ル サ 名取	ダイ エ ー 栄店	近 所 の パ ー ク 栄店		
①	私がよくいく店	①2345	12345	12345	12345	12345	12345	12345	12345	12345
②	値段に高値なイメージがある	123④5	12345	12345	12345	12345	12345	12345	12345	12345
③	あつかっているブランドの質がよい	12③45	12345	12345	12345	12345	12345	12345	12345	12345
④	客はオシャレな恰好している	1②345	12345	12345	12345	12345	12345	12345	12345	12345
⑤	明るく、活気がある店	1234⑥	12345	12345	12345	12345	12345	12345	12345	12345
⑥	庶民的なイメージがある	12③45	12345	12345	12345	12345	12345	12345	12345	12345
⑦	交通の便がよく、行きやすい場所	1②345	12345	12345	12345	12345	12345	12345	12345	12345
⑧	地元の人に馴染みが深い店	①2345	12345	12345	12345	12345	12345	12345	12345	12345
⑨	若者向けの感じがする	123④5	12345	12345	12345	12345	12345	12345	12345	12345
⑩	伝統があり、信頼できる店	1234⑥	12345	12345	12345	12345	12345	12345	12345	12345
⑪	品物の数は豊富、なんでもある感じ	①2345	12345	12345	12345	12345	12345	12345	12345	12345
⑫	店員のサービスがよい	①2345	12345	12345	12345	12345	12345	12345	12345	12345
⑬	店内がきれい	12③45	12345	12345	12345	12345	12345	12345	12345	12345
⑭	はやっている店である	1②345	12345	12345	12345	12345	12345	12345	12345	12345
⑮	自分の買いたいものが多い	1234⑥	12345	12345	12345	12345	12345	12345	12345	12345
⑯	緊張してしまうので、入りにくい店	123④5	12345	12345	12345	12345	12345	12345	12345	12345
⑰	目的なしにブラブラ見ても楽しい	1②345	12345	12345	12345	12345	12345	12345	12345	12345
⑱	自分によく似合うイメージがある	1234⑥	12345	12345	12345	12345	12345	12345	12345	12345
⑲	お歳暮・お中元を買うためによい店	123④5	12345	12345	12345	12345	12345	12345	12345	12345
⑳	お金がある場合、いつも利用したい	①2345	12345	12345	12345	12345	12345	12345	12345	12345

問2. あなたの好きな店の順番を示して下さい。例えば、この中で「ダイエー」が1番好きならば、ダイエーの下に「1」を書いて下さい。以下2番目に好きな店の下に「2」を書いて下さい。1から14までの順番をお知らせ下さい。店を知らない場合には、「×」を入れて下さい。

A 松坂屋 栄	B 三越 栄	C 丸栄 栄	D セン パトラ クル	E 名鉄メ 名ル 駅サ	F ダイエー 栄	G 近所 1の パ大 1型	H 丸栄 スカ イル	I 名鉄百 名貨 駅店	J ANNEX	K 東急ハ ンズ	L NOVA 名駅	M アピタ 名駅	N 三越 星が丘

ここに1から14まで順番を記入して下さい。  
162-175

問3. 以下の店へ行くと、普通どのような交通を利用していますか。次の6つから選んで、番号を入れて下さい。

A 松坂屋 栄	B 三越 栄	C 丸栄 栄	D セン パトラ クル	E 名鉄メ 名ル 駅サ	F ダイエー 栄	G 近所 1の パ大 1型

- (1) 地下鉄・電車
- (2) バス
- (3) 自動車
- (4) 自転車
- (5) 徒歩
- (6) その他

ここに番号を入れて下さい。  
176-183

以下の質問は集計上参考にするやめのデータです。ご記入下さるようよろしくお願い申し上げます。 適当に○を付けて下さい。	
問4. あなたの職業は？	(a) 高校生 (b) 学生 (c) 会社員 (d) 主婦 (e) その他 ( )
問5. あなたの性別	(a) 女性 (b) 男性
問6. あなたの年齢	(a) 15-18才 (b) 19-22才 (c) 23-30才 (d) 31-40才 (e) 41才以上
問7. ご自分も含めて、同居家族は何人ですか。 〔年別〕	18未満 (a) 0人 (b) 1人 (c) 2人 (d) 3人以上
	18以上 (a) 1人 (b) 2人 (c) 3人 (d) 4人 (e) 5人以上
問8. お宅で主に家計を支えている職業は何ですか。	(a) 農林漁業 (b) 商工業〔自営〕 (c) 飲食・サービス業〔自営〕 (d) 会社員 (e) 会社役員 (f) 公務員・教員 (g) 労務職 (h) 労務技術職 (i) 専門技術職〔医者、弁護士など〕 (j) 無職・その他 ( )
問9. お宅の現在のタイプは何ですか。 〔持家か借家を選んで、そして(1) (2) (3)の中で1つ選んで下さい。また、お風呂、手洗いを除き、部屋はいくつありますか〕	(a) 持家 (b) 借家
	(1) 一軒の建物 —(a) 2部屋以下 (b) 3部屋 (c) 4部屋 (d) 5部屋 (e) 6部屋 (f) 7部屋以上
	(2) マンション —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK (f) 5DK・5LDK以上
(3) アパート —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK以上	
問10. お宅から栄まで普通何分ぐらいかかりますか。	(a) 10分以下 (b) 11~20分 (c) 21~30分 (d) 31~40分 (e) 41~50分 (f) 51分以上
問11. 名古屋の店を何年利用していますか。	(a) 1年以下 (b) 1~5 (c) 6~9年 (d) 10以上

アンケートの記入が完了しましたら、一緒に渡しました封筒に入れて、できるだけ早く研究者にご返信して下さい。

ご協力ありがとうございました。



問1. \* この質問は横浜市の店に対してあなたのご意見を1から5までの数字でお願いするものです。  
\* また、Gの欄にはあなたが一番よく知っている大型スーパーの名前をご記入下さい (例、西友・戸塚)。  
\* Hらんにはあなたが理想的だと思いつく大型店のイメージをお知らせ下さい。  
\* 数字の意味は次のとおりです。店ごとに適当に選んで、○(マル)を付けて下さい。

1=非常にそう思う  
2=かなりそう思う  
3=そう思う  
4=どちらとも言えそう思わない  
5=全然そう思わない

あなたが一番よく知っている大型スーパー  
名前: \_\_\_\_\_  
場所: \_\_\_\_\_  
このスーパーは以下「G」になります

	*例* ×××店	A 横浜高島屋 南幸	B 横浜そごう 高島	C 三越 北幸	D ・岡 モ屋 アズ 南幸	E ル ミ ネ 横浜 高島	F ビ レ 2 1 南幸	G ス 1の バ 1型	H 私 の 理 想 な 店
①	私がよくいく店	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
②	値段に高級なイメージがある	1 2 3 ④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
③	あつかっているブランドの質がよい	1 2 ③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
④	客はオシャレな格好している	1 ②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑤	明るく、活気がある店	1 2 3 4 ⑥	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑥	庶民的なイメージがある	1 2 ③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑦	交通の便がよく、行きやすい場所	1 ②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑧	地元の人に馴染みが深い店	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑨	若者向けの感じがする	1 2 3 ④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑩	伝統があり、信頼できる店	1 2 3 4 ⑥	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑪	品物の数は豊富、なんでもある感じ	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑫	店員のサービスがよい	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑬	店内がきれい	1 2 ③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑭	はやっている店である	1 ②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑮	自分の買いたいものが多い	1 2 3 4 ⑥	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑯	緊張してしまうので、入りにくい店	1 2 3 ④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑰	目的なしにブラブラ見ても楽しい	1 ②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑱	自分によく似合うイメージがある	1 2 3 4 ⑥	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑲	お歳暮・お中元を買うためによい店	1 2 3 ④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑳	お金がある場合、いつも利用したい	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

YOKOHAMA QUESTIONNAIRE PAGE 2

問2. あなたの好きな店・小売企業の順番を示して下さい。例えば、この中で「ルミネ」が1番好きならば、ルミネの下に「1」を書いて下さい。  
以下2番目に好きな店の下に「2」を書いて下さい。1から14までの順番をお知らせ下さい。店を知らない場合には、「×」を入れて下さい。

A 横浜 西 南島 幸屋	B 横浜 そ 高島 う	C 三 越 北 幸	D 岡 モ田 1屋 アズ	E ル ミ ネ 高 橋 島 浜	F ビ ブ レ 南2 幸1	G 近 所 の パ大 1型	H 相 鉄 ジ ナ スイ	I ザ ン ド ダ ヤ モ	J 横 浜 勢 松 佐 坂 木 屋	K M Y C 関 A 内 L	L シ ヤ ル 南 幸	M 元 町 商 店 街	N ダイ エ 南1 幸

ここに1から14まで順番を記入して下さい。  
162-173

問3. 以下の店へ行くと、普通どのような交通を利用していますか。次の6つから選んで、番号を入れて下さい。

A 横浜 西 南島 幸屋	B 横浜 そ 高島 う	C 三 越 北 幸	D 岡 モ田 1屋 アズ	E ル ミ ネ 高 橋 島 浜	F ビ ブ レ 南2 幸1	G 近 所 の パ大 1型

(1) 地下鉄・電車  
(2) バス  
(3) 自動車  
(4) 自転車  
(5) 徒歩  
(6) その他

ここに番号を入れて下さい。  
174-183

以下の質問は統計上参考にするやめのデータです。ご記入下さるようよろしくお願い申し上げます。 適当に○を付けて下さい。	
問4. あなたの職業は?	(a) 高校生 (b) 学生 (c) 会社員 (d) 主婦 (e) その他 ( )
問5. あなたの性別	(a) 女性 (b) 男性
問6. あなたの年齢	(a) 15-18才 (b) 19-22才 (c) 23-30才 (d) 31-40才 (e) 41才以上
問7. ご自分も含めて、同居 家族は何人ですか。 (年別)	18未満 (a) 0人 (b) 1人 (c) 2人 (d) 3人以上
	18以上 (a) 1人 (b) 2人 (c) 3人 (d) 4人 (e) 5人以上
問8. お宅で主に家計を支え ている職業はなんです か。	(a) 農林漁業 (b) 商工業【自営】 (c) 飲食・サービス業【自営】 (d) 会社員 (e) 会社役員 (f) 公務員・教員 (g) 労務職 (h) 労務技術職 (i) 専門技術職【医者、弁護士など】 (j) 無職・その他 ( )
問9. お宅の現在のタイプは 何ですか。 【持家か借家を選んで、そし て(1) (2) (3)の中で1つ選ん で下さい。また、お風呂、手 洗いを除き、部屋はいくつあ りますか】	(a) 持家 (b) 借家
	(1) 一軒の建物 —(a) 2部屋以下 (b) 3部屋 (c) 4部屋 (d) 5部屋 (e) 6部屋 (f) 7部屋以上
	(2) マンション —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK (f) 5DK・5LDK以上
(3) アパート —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK以上	
問10. お宅から横浜駅まで 普通何分ぐらいかかりま すか。	(a) 10分以下 (b) 11~20分 (c) 21~30分 (d) 31~40分 (e) 41~50分 (f) 51分以上
問11. 横浜の店を何年 利用していますか。	(a) 1年以下 (b) 1~5 (c) 6~9年 (d) 10以上 (e) 横浜に住んでいない

アンケートの記入が完了しましたら、一緒に渡しました封筒に入れて、できるだけ早く研究者にご返信して下さい。

ご協力ありがとうございました。



問1. この質問は水戸市の店に対してあなたのご意見を1から5までの数字でお伺いするものです。  
\* 日らんにはあなたか理想的だと思いいく大型店のイメージをお知らせ下さい。  
\* 数字の意味は次のとおりです。店ごとに適当に選んで、○(マル) を付けて下さい。

- 1=非常にそう思う  
2=かなりそう思う  
3=そう思う  
4=どちらとも言えそう思わない  
5=全然そう思わない

	*例* ×××店	A 伊勢 多喜 甚 東町	B 水戸京成 東町	C 西武 駅前	D EXCEL 駅ビル	E 丸井 駅前	F ダイエー 南町	G ユニ 南町	H 私の理想 な店
①	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
②	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
③	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
④	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑤	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑥	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑦	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑧	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑨	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑩	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑪	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑫	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑬	12③45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑭	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑮	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑯	123④5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑰	1②345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
⑱	1234⑤	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
㉑	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
㉒	①2345	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

問2. あなたの好きな店の順番を示して下さい。例えば、この中で「ユニー」が1番好きならば、ユニーの下に「1」を書いて下さい。  
以下2番目に好きな店の下に「2」を書いて下さい。1から14までの順番をお知らせ下さい。店を知らない場合には、「×」を入れて下さい。

A 伊勢甚 泉町	B 水戸京成 泉成町	C 西武 駅前	D EX 駅C ビル	E 丸井 駅前	F ダイエー 南1町	G ユニー 南町	H 高島屋 南1町	I サント 南1町	J 長崎屋 南町	K 田原屋 南町	L ジャスコ 石川	M デイ ストア	N 細屋

ここに1から14まで順番を記入して下さい。  
162-173

問3. 以下の店へ行くと、普通どのような交通を利用していますか。次の6つから選んで、番号を入れて下さい。

A 伊勢甚 泉町	B 水戸京成 泉成町	C 西武 駅前	D EX 駅C ビル	E 丸井 駅前	F ダイエー 南1町	G ユニー 南町

- (1) 地下鉄・電車
- (2) バス
- (3) 自動車
- (4) 自転車
- (5) 徒歩
- (6) その他

ここに番号を入れて下さい。  
174-183

以下の質問は集計上参考にするやめのデータです。ご記入下さるようよろしくお願い申し上げます。 適当に○を付けて下さい。	
問4. あなたの職業は?	(a) 高校生 (b) 学生 (c) 会社員 (d) 主婦 (e) その他 ( )
問5. あなたの性別	(a) 女性 (b) 男性
問6. あなたの年齢	(a) 15-18才 (b) 19-22才 (c) 23-30才 (d) 31-40才 (e) 41才以上
問7. ご自分も含めて、同居 家族は何人ですか。 (年別)	18未満 (a) 0人 (b) 1人 (c) 2人 (d) 3人以上
	18以上 (a) 1人 (b) 2人 (c) 3人 (d) 4人 (e) 5人以上
問8. お宅で主に家計を支え ている職業はなんです か。	(a) 農林漁業 (b) 商工業【自営】 (c) 飲食・サービス業【自営】 (d) 会社員 (e) 会社役員 (f) 公務員・教員 (g) 労務職 (h) 労務技術職 (i) 専門技術職【医者、弁護士など】 (j) 無職・その他 ( )
問9. お宅の現在のタイプは 何ですか。 (持家か借家を選んで、そし て(1) (2) (3)の中で1つ選ん で下さい。また、お風呂、手 洗いを除き、部屋はいくつあ りますか)	(a) 持家 (b) 借家
	(1) 一軒の建物 →(a) 2部屋以下 (b) 3部屋 (c) 4部屋 (d) 5部屋 (e) 6部屋 (f) 7部屋以上
	(2) マンション →(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK (f) 5DK・5LDK以上
(3) アパート →(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK以上	
問10. お宅から水戸駅まで 普通何分ぐらいかかりま すか。	(a) 10分以下 (b) 11~20分 (c) 21~30分 (d) 31~40分 (e) 41~50分 (f) 51分以上
問11. 水戸の店を何年 利用していますか。	(a) 1年以下 (b) 1~5 (c) 6~9年 (d) 10以上 (e) 横浜に住んでいない

アンケートの記入が完了しましたら、一緒に渡しました封筒に入れて、できるだけ早く研究者にご返信して下さい。

ご協力ありがとうございました。



問1. この質問は東京の店に対してあなたのご意見を1から5までの数字でお願いするものです。

- ・Hさんにはあなたか理想的だと思いきく大型店のイメージをお知らせ下さい。
- ・数字の意味は次のとおりです。店ごとに適当に選んで、○(マル)を付けて下さい。

1=非常にそう思う  
2=かなりそう思う  
3=そう思う  
4=どちらとも言えそう思わない  
5=全然そう思わない

	*例* ×××店	A 三越 日本橋	B 高島屋 日本橋	C 西武百貨店 有楽町	D パルコ 渋谷	E 丸井 新宿(全館)	F 伊勢丹 新宿	G 東急ハンズ 渋谷か池袋	H 私の理想 な店
①	私がよくいく店	①2345	12345	12345	12345	12345	12345	12345	12345
②	値段に高級なイメージがある	123④5	12345	12345	12345	12345	12345	12345	12345
③	あっつかっているブランドの質がよい	12③45	12345	12345	12345	12345	12345	12345	12345
④	客はオシャレな恰好している	1②345	12345	12345	12345	12345	12345	12345	12345
⑤	明るく、活気がある店	1234⑤	12345	12345	12345	12345	12345	12345	12345
⑥	庶民的なイメージがある	12③45	12345	12345	12345	12345	12345	12345	12345
⑦	交通の便がよく、行きやすい場所	1②345	12345	12345	12345	12345	12345	12345	12345
⑧	地元の人に馴染みが深い店	①2345	12345	12345	12345	12345	12345	12345	12345
⑨	若者向けの感じがする	123④5	12345	12345	12345	12345	12345	12345	12345
⑩	伝統があり、信頼できる店	1234⑤	12345	12345	12345	12345	12345	12345	12345
⑪	品物の数は豊富、なんでもある感じ	①2345	12345	12345	12345	12345	12345	12345	12345
⑫	店員のサービスがよい	①2345	12345	12345	12345	12345	12345	12345	12345
⑬	店内がきれい	12③45	12345	12345	12345	12345	12345	12345	12345
⑭	はやっていいる店である	1②345	12345	12345	12345	12345	12345	12345	12345
⑮	自分の買いたいものが多い	1234⑤	12345	12345	12345	12345	12345	12345	12345
⑯	緊張してしまうので、入りにくい店	123④5	12345	12345	12345	12345	12345	12345	12345
⑰	目的なしにブラブラ見ても楽しい	1②345	12345	12345	12345	12345	12345	12345	12345
⑱	自分によく似合うイメージがある	1234⑤	12345	12345	12345	12345	12345	12345	12345
⑲	お歳暮・お中元を買うためによい店	123④5	12345	12345	12345	12345	12345	12345	12345
⑳	お金がある場合、いつも利用したい	①2345	12345	12345	12345	12345	12345	12345	12345

問2. あなたの好きな店の順番を示して下さい。例えば、この中で「109」が1番好きならば、109の下に「1」を書いて下さい。  
以下2番目に好きな店の下に「2」を書いて下さい。1から14までの順番をお知らせ下さい。店を知らない場合には、「×」を入れて下さい。

A 三越 日本橋	B 西武 日本橋	C 西武 有楽町店	D パルコ 渋谷	E 丸井 新宿	F 伊勢丹 新宿	G 東急ハ 渋谷	H 松屋 銀座	I 松坂屋 上野	J 東急百 渋谷店	K ロフト 渋谷	L 西武百 池袋店	M 小田急 新宿	N 109 渋谷

ここに1から14まで順番を記入して下さい。  
162-173

問3. お宅から以下の店まで普通何分ぐらいかかりますか。次の6つから選んで、番号を入れて下さい。

A 三越 日本橋	C 西武 有楽町店	D パルコ 渋谷	F 伊勢丹 新宿	H 松屋 銀座	I 松坂屋 上野	J 東急ハ 渋谷	L 西武百 池袋店

- (1) 20以下  
(2) 21~30分  
(3) 31~40分  
(4) 41~50分  
(5) 51~1時間  
(6) 1時間以上

ここで番号をいれて下さい。  
174-183

以下の質問は統計上参考にするやめのデータです。ご記入下さるようよろしくお願い申し上げます。 適当に○を付けて下さい。	
問4. あなたの職業は?	(a) 高校生 (b) 学生 (c) 会社員 (d) 主婦 (e) その他 ( )
問5. あなたの性別	(a) 女性 (b) 男性
問6. あなたの年齢	(a) 15-18才 (b) 19-22才 (c) 23-30才 (d) 31-40才 (e) 41才以上
問7. ご自分も含めて、同居 家族は何人ですか。 [年別]	18未満 (a) 0人 (b) 1人 (c) 2人 (d) 3人以上
	18以上 (a) 1人 (b) 2人 (c) 3人 (d) 4人 (e) 5人以上
問8. お宅で主に家計を支え ている職業は何ですか。	(a) 農林漁業 (b) 商工業【自営】 (c) 飲食・サービス業【自営】 (d) 会社員 (e) 会社役員 (f) 公務員・教員 (g) 労務職 (h) 労務技術職 (i) 専門技術職【医者、弁護士など】 (j) 無職・その他 ( )
問9. お宅の現在のタイプは 何ですか。 [持家か借家を選んで、そし て(1) (2) (3)の中で1つ選ん で下さい。また、お風呂、手 洗いを除き、部屋はいくつあ りますか]	(a) 持家 (b) 借家
	(1) 一軒の建物 —(a) 2部屋以下 (b) 3部屋 (c) 4部屋 (d) 5部屋 (e) 6部屋 (f) 7部屋以上
	(2) マンション —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK (f) 5DK・5LDK以上
	(3) アパート —(a) 1ルーム (b) 1DK・1LDK (c) 2DK・2LDK (d) 3DK・3LDK (e) 4DK・4LDK以上
問10. 東京の店を何年 利用していますか。	(a) 1年以下 (b) 1~5 (c) 6~9年 (d) 10以上

ご協力ありがとうございました。



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